Chinese to Partner on Boeing Airplanes, 7E7 Dreamliner

Boeing [NYSE: BA] today, with China Aviation Industry Corporation I (AVIC I) and China Aviation Industry Corporation II (AVIC II), signed memoranda of understanding to provide parts and assemblies for Boeing airplanes, including the rudder for the Boeing 7E7 Dreamliner. The signing celebration at the Boeing China office marked the first announcement of Chinese suppliers selected for Boeing 7E7 opportunities.

Boeing will work with Chengdu Aircraft Industrial (Group) Co. Ltd. (CAC), an AVIC I affiliated company, for supply of the rudder -- a key component of the vertical fin that provides stability for an airplane's directional control. Boeing is developing additional opportunities for Hafei Aviation Industry Co., Ltd (Hafei), an AVIC II affiliated company, to produce metallic and composite parts and assemblies for various Boeing jetliners, including the 7E7. The total value of China opportunities with Boeing, including the 7E7 rudder and work on other airplanes, could reach several hundred million dollars.

"China has an important role on the 7E7 program," said Jim Morris, senior vice president of Supplier Management for Boeing Commercial Airplanes. "Chengdu Aircraft and Hafei represent the talents, technological capabilities and resources of Chinese aviation industry that Boeing needs to provide the best value to our airline customers."

Other officials joining Morris at the partner signing event were Yang Yuzhong, executive vice president, AVIC 1; Luo Rong Huai, chairman and president, CAC; Xu Zhangbin, vice president, AVIC II; Wang Ning, Hafei; and David Wang, president of Boeing China. Also on hand was Mary Armstrong, vice president and general manager of the Boeing Fabrication Division, representing the Composite Manufacturing Center , through which the rudder contract is managed.

"We are honored to be one of the first supplier partners in China to be named to such an important role supporting the Boeing 7E7 Dreamliner," said Luo. "We want to add our strengths to make Boeing's Dreamliner dream come true."

Commercial aviation is crucial to the advancements that will sustain continued economic growth and development in China . Boeing has worked together with China 's aviation industry for more than 30 years. To date, Boeing has procured more than $500 million of aviation hardware from China.

Today, more than 3,400 Boeing airplanes -- one third of Boeing's world fleet -- have major parts and assemblies built in China. Examples of major parts and assemblies built for Boeing by Chinese industry include the 737 horizontal stabilizer from Shanghai Aircraft Corp., 737 vertical fin from Xian Aircraft Corp., 737 tail section modules from Shenyang Aircraft Corp., and 757 empennage and aft fuselage section from Chengdu Aircraft Corp. All are AVIC I affiliates.

Boeing is China 's largest commercial aviation partner. Over the next 20 years, Boeing forecasts China will need 2,400 jetliners, becoming the world's second largest airplane market.

Additional Information

Boeing Composite Manufacturing Center (CMC)

The Boeing Composite Manufacturing Center is a focused area of manufacturing excellence for primary and secondary aircraft structures using advanced composites technology. The CMC is a business unit of the Fabrication Division and serves as a primary structures partner responsible for the vertical fin on the Boeing 7E7. The airplane's vertical fin, including the sophisticated rudder assembly, will be fabricated using fiber-reinforced composites that help dramatically decrease weight and increase airline operating efficiency. The Composite Manufacturing Center currently manufactures the vertical fin and horizontal stabilizers for the Boeing 777 in its facility in Frederickson , Wash., USA.

Chengdu Aircraft Corporation

Founded in 1958, CAC is a key enterprise under AVIC I, manufacturing aircraft and bringing more than 16 years experience in providing components for more than 2,000 commercial airplanes. CAC's capabilities include composite and sheet metal manufacturing, numerically controlled machining, tooling design and build, and complex structure assembly and integration. CAC supports Boeing 757 and MD-80/-90 programs.

Hafei Aviation Industry

Founded in 1952, Hafei is an airframe manufacturer of helicopter and general aviation aircraft in China . Hafei's capabilities include composite and sheet-metal manufacturing, numerically controlled machining, tooling design and production, and complex structure assembly and integration.

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