Boeing and VSMPO-AVISMA Announce Titanium Agreement

The Boeing Company [NYSE: BA] and VSMPO-AVISMA today announced a joint-venture agreement for the machining of titanium forgings for use in Boeing commercial airplanes.

The 50/50 equity joint venture will produce titanium parts for the Boeing 787 Dreamliner. VSMPO-AVISMA will perform rough machining of titanium forgings in Verkhnaya Salda, Russia. Final machining and processing of the forgings will be completed by Boeing's Portland, Ore., fabrication facility and other machining subcontractors.

On April 13, 2006, Boeing and VSMPO announced the signing of a Memorandum of Understanding leading to the formation of the joint venture.

Consistent with their long-standing business relationship, the two companies also completed a framework agreement to outline the guiding principles of their future work in the area of titanium products.

"This agreement is an outstanding example of how a joint venture should work, with benefits for both of our companies," said Mike Cave, vice president of Airplane Programs for Boeing Commercial Airplanes. "VSMPO will expand its capabilities in titanium parts production, and Boeing will increase efficiency and reduce the waste associated with titanium machining.

"Boeing will continue to work closely with all government agencies to ensure our joint venture and all other activities in Russia remain compliant with all U.S. and international obligations, including the sanctions recently announced by the U.S. State Department," he said.

"The agreement between VSMPO-AVISMA and Boeing expands a relationship that dates back to 1997. Boeing and VSMPO-AVISMA will work together to address efficiency, quality, delivery and cost reduction. As part of this effort, titanium machine-turnings, or 'chips,' from the machining process will be recycled back to VSMPO-AVISMA to create an efficient, closed-loop supply," said Vladislav Tetyukhin, chief executive officer of VSMPO-AVISMA.

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