Boeing Signs 10-Year Agreement with Hindustan Aeronautics

The Boeing Company [NYSE: BA] and India's Hindustan Aeronautics Limited (HAL) today signed a 10-year Memorandum of Understanding (MOU) intended to bring more than US$1 billion of new aerospace manufacturing work to India.

The agreement, signed in New Delhi by Jim Albaugh, president and CEO of Boeing Integrated Defense Systems, and Ashok K. Baweja, chairman of HAL, also includes sharing key Boeing business and manufacturing tools with HAL.

"I am extremely pleased that Boeing and HAL have agreed to work together for the mutual benefit of their companies and countries. The agreement represents an important step in our efforts to build solid long-term partnerships in India to make Boeing products more globally competitive, while allowing HAL to grow and expand its potential market around the world," said Albaugh.

"This is a significant step by two aerospace leaders that opens up new avenues and areas of co-operations. HAL and Indian industry gain from this long-term business arrangement in terms of technology upgrade, while Boeing can look forward to a reliable source for its product requirements," said Baweja.

Under the agreement, Boeing and HAL will explore business opportunities aimed at transferring work packages to India with an initial value of US$10-$20 million annually, increasing in size and complexity as business opportunities develop. Boeing also will support HAL in developing manufacturing processes and capabilities needed for the production of hardware for Boeing and/or its subcontractors. Boeing also will support the training and transfer of Boeing best practices for Lean principles and Supplier and Program Management to the extent allowed by U. S. government and Boeing Corporate policy. Initial training in Lean began in 2006 and will continue through 2008.

Hindustan Aeronautics Limited agrees to offer Boeing competitive pricing, to invest in the required manufacturing infrastructure, and to join Boeing in seeking recognition by the government of India for the value of the work packages and technology transfers in support of credits against existing or future offset obligations.

Boeing's efforts on this project will be led and managed through its Integrated Defense Systems business unit.

Boeing's history in India reaches back more than 60 years, marked by success in working with airline customers, parts suppliers, research institutes and others to provide products and services. In December 2003, Boeing established a wholly owned subsidiary, Boeing International Corporation India Private Limited (BICIPL), to support the growing demands of India's aviation, aerospace and defense industries.

Hindustan Aeronautics Limited is the premier aerospace company involved in the design, development, manufacture and maintenance of advanced fighters, trainers, helicopters and associated engines, accessories, avionics and airborne systems. Headquartered in Bangalore, HAL has 18 production units and nine research and design centers in India with 32,000 employees.
A unit of The Boeing Company, Boeing Integrated Defense Systems is the second largest space and defense business in the world specializing in innovative and capabilities-driven customer solutions. Headquartered in St. Louis, Boeing Integrated Defense Systems is a $32.4 billion business with 72,000 employees worldwide.
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For further information:
Brian Nelson
Boeing IDS Communications
+1(321) 454-9868
brian.j.nelson@boeing.com
Anantha Krishnan
Chief of HAL Media Communications
+91 80 - 22864934
halmedia@hal-india.com