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MOSCOW, Oct. 30, 2012 /PRNewswire/ -- Boeing [NYSE: BA] and the State Corporation Russian Technologies (Rostech), a majority shareholder in the joint stock company VSMPO-AVISMA Corp., are working on an agreement to expand collaboration in titanium procurement and technology development. Boeing and Rostech also are seeking to increase their cooperation in commercial aviation services.

Ray Conner, Boeing Commercial Airplanes president and chief executive officer, and Sergey Chemezov, chairman of the board of VSMPO-AVISMA and chief executive officer of Russian Technologies Corp., pledged to work together to grow the relationship between the two companies.

"Rostech has been a reliable and valuable partner to Boeing in Russia for many years, and together we achieve results that allow us to grow our businesses," Conner said. "Boeing and Rostech are working hard to further expand our partnership and our mutually beneficial cooperation."

"Cooperation with Boeing allows us to offer new technological solutions for the global market. Today VSMPO-AVISMA is one of the largest titanium suppliers to Boeing and its key partner in the field of new alloy development," Chemezov said. "In recent years, the partners have developed three new technologies in a joint innovation center. Extending cooperation with Boeing will help us create even better and more competitive solutions for the global aviation industry."

Boeing and VSMPO-AVISMA are considering expansion of their titanium-production joint venture Ural Boeing Manufacturing (UBM) to support ongoing production increases for the Next-Generation 737. UBM has purchased four new advanced-technology machines to increase capacity for machining Next-Generation 737 landing gear beams. The machines are scheduled for installation in 2013. Supporting the 737 program, the most popular jet in commercial aviation history, would be a significant milestone and business opportunity for UBM. VSMPO-AVISMA has been a Boeing partner and supplier of raw material and titanium parts through a series of long-term purchasing agreements dating back to 1997, when Boeing awarded its first contract to the Russian titanium producer.

Boeing and VSMPO-AVISMA also are working to continue joint support of the Titanium Innovation Center. The center has developed three new technologies that have been utilized in production of the 787 Dreamliner and Next-Generation 737 and may also be used by the Russian aerospace industry. Among these technologies are a new high-strength titanium alloy and a technology for fabrication of titanium sheets for super-plastic forming. The companies will continue developing technologies and alloys to further reduce the cost of titanium parts in commercial airplane manufacturing.

In commercial aviation services, the two companies are seeking to work together to develop a component management service to support Russian airline customers. This could reduce investment costs, simplify logistics and reduce delivery time of critical spare parts to Russian airlines. The companies also are exploring ways for Boeing to assist Rostech in further development of in-country repair and overhaul capability for Western aircraft components, in order to grow aviation parts repair and overhaul organizations within Russia. Going forward, this expertise can support Rostech's ability to build an efficient and reliable support infrastructure for Russian-made jets such as the Sukhoi Superjet 100.

In July 2009, Boeing and VSMPO-AVISMA opened UBM as a 50/50 equity joint venture based in Verkhnyaya Salda, Russia. UBM is a state-of-the-art facility that machines titanium forgings for the world's most technologically advanced airplane – the 787. Boeing forecasts that over the next 30 years it will spend as much as \$27 billion on Russian titanium, aerospace design-engineering services and a variety of other

services and materials.

Boeing and the Russian aerospace industry enjoy a mutually beneficial partnership that began more than 15 years ago. Two key Boeing centers are located in Moscow. The Technical Research Center develops projects related to cutting-edge technology including new materials, prototyping and aerodynamics. The Boeing Design Center supports all major Boeing Commercial Airplanes programs and employs more than 1,250 engineers through contracts with leading Russian engineering firms.

VSMPO-AVISMA is the world's largest titanium producer, occupying more than 25 percent of the world titanium market and the major supplier of titanium to Russia. The main shareholder is Rostech, which owns more than 70 percent of the company. VSMPO-AVISMA has long-term contracts with the leading foreign aircraft manufacturers.

About Russian Technologies

The Russian Technologies State Corporation, established in November 2007, assists Russian industrial organizations in design, production and sales in the domestic and foreign hi-tech product markets, as well as in applied research of promising trends in scientific and technical development and introduction of advanced technologies to improve the level of Russian research projects and reduce their production time and costs. Russian Technologies State Corporation includes Rosoboronexport, Oboronprom, Russpetsstal CJSC, VSMPO-AVISMA Corporation, AvtoVAZ and other companies.

About Boeing

Boeing is the world's largest aerospace company and leading manufacturer of commercial jetliners and defense, space and security systems. A top U.S. exporter, the company supports airlines and U.S. and allied government customers in 150 countries. Boeing products and tailored services include commercial and military aircraft, satellites, weapons, electronic and defense systems, launch systems, advanced information and communication systems, and performance-based logistics and training. For more information about Boeing please visit www.boeing.com.

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