

Boeing and AVIC to Collaborate on Interior Supply Capability in China

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- Agreement includes seats, galleys, lavatories and in-flight entertainment systems
- New interior commodities source will help meet global demand

ZHUHAI, China, Nov. 13, 2012 /PRNewswire/ -- Boeing (NYSE: BA) and Aviation Industry Corporation of China (AVIC), China's largest state-owned aviation company, announced today they will work together to expand AVIC capabilities to include interior commodities such as passenger seats, galleys, lavatories and in-flight entertainment systems for commercial airplanes. Geng Ruguang, executive vice president of AVIC, and Stan Deal, vice president and general manager of Boeing Commercial Airplanes Supply Chain Management and Operations, signed a memorandum of understanding for this interior payload initiative at the 2012 Zhuhai Airshow.

"This cooperation will enhance AVIC as a competitive supplier of world class airplane interior payload products, as well as help Boeing deliver more competitive products to its customers," said Geng Ruguang. "This expands the fields of cooperation for both companies, which will further strengthen and deepen our strategic partnership."

"AVIC has been an important partner to Boeing for many years, and this mutually beneficial collaboration will further enhance their capabilities, while adding value for Boeing and its customers," said Deal. "AVIC's ability to develop and deliver world-class payload interiors to airline customers increases their options and improves Boeing's competitiveness."

Global demand for Boeing airplanes is at an all-time high with more than 4,200 airplanes in the company's backlog. The collaboration with AVIC will support China's growing aerospace manufacturing industry and expand opportunities for airlines around the world to continue to customize airplane interiors to create market differentiation.

"For 40 years, Boeing has been deeply engaged in China to support the long-term development of China's commercial aviation industry," said Marc Allen, president of Boeing China. "We are pleased to play a critical role in the continued development of China's aerospace industry while taking another positive step forward in expanding our relationship with AVIC and other Chinese industry stakeholders."

"It is a great pleasure to open up new fields for cooperation in the airplane interior payload areas, building on the continued cooperation in subcontracting production," said Liu Chunhui, president of AVIC Aircraft. "This will enrich the contents of the industrial engagement between the two companies."

Boeing has been working with AVIC for more than 20 years, and AVIC currently manufactures parts for the Next-Generation 737, 747-8 and 787 Dreamliner. As the largest non-Chinese customer of China's aviation industry, Boeing has purchased more than US \$1.5 billion in hardware and services from China since the 1980s and expects to double its annual procurement in coming years. Some 6,000 Boeing airplanes fly throughout the world with parts and assemblies built in China.

China is one of the world's fastest-growing aviation markets. The Civil Aviation Administration of China has forecast that passenger traffic in China will reach 300 million in 2012 and 1.5 billion in 2030. Boeing has estimated that Chinese airlines will need to buy 5,260 new airplanes by 2031 to meet this extraordinary demand.

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.

About AVIC

AVIC is centered on aviation but provides whole-value services to customers in many fields from research and development to operations, manufacturing and finance. Its business units include defense, transport aircraft, engine, helicopter, avionics, electromechanical systems, general aviation, flight test, trade and logistics, asset management, financial services, engineering planning and construction, and automotive, among others. It owns more than 200 member companies, more than 20 listed companies and has approximately 500,000 employees. In 2011, AVIC ranked 311th among Fortune Top 500 enterprises.

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