

Boeing Awards AVIC Contract for 777 Empennage Tips

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Expands existing 777 empennage work package

Parts to be produced by SAC Commercial Aircraft Company in Shenyang

ZHUHAI, China, Nov. 11, 2014 – Boeing [NYSE: BA] announced it has awarded a contract to Aviation Industry Corporation of China (AVIC), China’s largest state-owned aviation company, to produce composite empennage tips for the 777 beginning in 2017.

The new agreement was reached through close collaboration between Boeing, AVIC Shenyang Commercial Aircraft Corporation (SACC) and AVIC International. It builds on the contract Boeing signed with AVIC earlier this year to produce vertical fin and horizontal stabilizer forward torque box panels.

“This new contract demonstrates the deep confidence Boeing has in AVIC’s commitment to world-class aerospace manufacturing,” said Kent Fisher, vice president and general manager, Supplier Management, Boeing Commercial Airplanes. “We have steadily increased our sourcing from AVIC with good results. They have not only met our requirements for high quality and on-time delivery, but they have also worked closely with us to meet our airline customers’ demands for affordability.”

Under the contract, workers at SACC will build tips for the 777 vertical fin and horizontal stabilizer at its new facility near the airport in Shenyang, China. Boeing qualified SACC for composite work in July of this year following a comprehensive audit of equipment, workforce and processes.

The two companies will also work together in establishing a Manufacturing Innovation Center (MIC) within the SACC facility to enhance the manufacturing and technological capabilities of SACC employees. Boeing and AVIC pioneered the MIC concept in 2012, establishing the first center in Beijing to provide classroom training for AVIC employees on Boeing’s successful production methods.

“AVIC has worked successfully with Boeing on commercial airplane programs for over 30 years. This contract is a great boost for both companies and will strengthen our collaboration in the future,” said Geng Ruguang, executive vice president, AVIC. “With strong development opportunities from growing market demand, AVIC will further expand its capacity, enhance our cooperation with Boeing and continuously improve our competitiveness to meet the requirements of market and customers.”

SACC has produced airplane components for Boeing since 1990, starting with cargo doors for the 757 and expanding to complex empennage manufacturing. The company supplies the vertical fin leading edge and tip for the 787 Dreamliner and the entire 737 empennage (section 48) through a contract with Spirit Aerosystems.

AVIC facilities across China manufacture parts for all Boeing programs including the 737 vertical and horizontal stabilizers, 747 inboard flap, 767 converted freighter floor beams and 787 rudder.

Over the past 30 years Boeing has purchased more than \$2 billion in airplane components and assemblies from China, making it the largest foreign customer for China’s growing aviation manufacturing industry. Boeing expects to double its annual procurement from China in coming years.

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. It owns more than 200 member companies, more than 20 listed companies and has approximately 500,000 employees.

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