



Alcoa and VSMPO-AVISMA to Form Joint Venture

Moscow, October 22, 2013

Press Release

VSMPO-AVISMA Corporation, included in Rostec State Corporation, and Alcoa will form a joint venture to produce semi-finished titanium and aluminum alloy products. The agreement of intent was signed by the General Director of Rostec State Corporation, VSMPO-AVISMA Chairman Sergei Chemezov and Alcoa Chairman and CEO Klaus Kleinfeld. This alliance of two global companies will enhance the output to meet growing needs of the aerospace industry.

The joint venture will produce semi-finished titanium and aluminum alloy products. Primarily, these are heavy die forgings, such as landing gear and forged wing components.

“We engage world’s major industrial corporations, which enables us to implement large-scale projects,” said the General Director of Rostec State Corporation, VSMPO-AVISMA Chairman Sergei Chemezov. “Partnership with Alcoa will facilitate increase in the efficiency of production and allow enhancement of the order portfolio. Thus, VSMPO-AVISMA Corporation will continue to implement the strategy of enhancement in the output of downstream products.”

The partners’ equity interest in the joint venture will be determined later. VSMPO-AVISMA will invest in acquisition of the equipment required to output titanium alloy products, attract orders, and use its competencies to produce die forgings with heavy presses.

“Technical and process capabilities of Alcoa in conjunction with the experience of our partner open wide prospects for development of titanium and aluminum production in Russia, and promotion of high-end products in the international market,” says Klaus Kleinfeld, Alcoa Chairmen and CEO. “Aerospace enterprises are traditional consumers of Alcoa products, and we are glad that our joint project with VSMPO-AVISMA will allow to offer high-quality solutions to our clients.”

Production will be deployed on the basis of the forging shop of Alcoa SMZ (Samara Metallurgical Plant) included into Alcoa structure. This shop has high-performance equipment, including vertical press with capacity of 75 ths tons, which is an equivalent of the press located in VSMPO-AVISMA.

Mikhail Voevodin, General Director of VSMPO-AVISMA, said, “This agreement will add to our current manufacturing capabilities, as the company gets access to unique forging equipment. This step enables us to increase our output and ensure the consistency of supply, allowing us to meet growing demand for our products from leading global aircraft manufacturers.”



According to the schedules, the production will be launched in 2.5 years. It will pass certification in accordance with the Russian and international standards, and the customers' requirements.

"This manufacturing partnership will expand on our mutual and complementary strengths in making the largest and most advanced aerospace forgings in the world," said Eric Roegner, Chief Operating Officer of Alcoa Investment Castings, Forgings and Extrusions.

PSC VSMPO-AVISMA Corporation is the largest worldwide titanium producer, providing the full production cycle: from stock processing to production of finished parts of added value. Number of employees is approximately 20,000. The control stock of shares (50%+1) of VSMPO-AVISMA belongs to the management, the blocking shareholding (25%+1) belongs to Rostec Corporation.

State Corporation Rostec (Rostec) is a Russian corporation established in 2007 to promote development, production and export of high-tech industrial products for civil and military purposes. It includes 663 organizations, which currently form 8 holding companies in the defense-industrial sector and 5 holding companies in civilian industries. The organizations of Rostec are located in 60 constituent entities of the Russian Federation and deliver products to the markets of more than 70 countries. In 2012, the revenues of Rostec amounted to RUB 931 billion, with net profit amounting to RUB 38.5 billion. Tax payments to budgets of all levels exceeded RUB 109 billion.

Alcoa is the world's leading producer of primary and fabricated aluminum, as well as the world's largest miner of bauxite and refiner of alumina. In addition to inventing the modern-day aluminum industry, Alcoa innovation has been behind major milestones in the aerospace, automotive, packaging, building and construction, commercial transportation, consumer electronics and industrial markets over the past 125 years. Among the solutions Alcoa markets are flat-rolled products, hard alloy extrusions, and forgings, as well as Alcoa® wheels, fastening systems, precision and investment castings, and building systems in addition to its expertise in other light metals such as titanium and nickel-based super alloys.

Sustainability is an integral part of Alcoa's operating practices and the product design and engineering it provides to customers. Alcoa has been a member of the Dow Jones Sustainability Index for 12 consecutive years and approximately 75 percent of all of the aluminum ever produced is still in active use today. Alcoa employs approximately 61,000 people in 30 countries across the world.

For more information, visit www.alcoa.com, follow @Alcoa on Twitter at www.twitter.com/Alcoa and follow Alcoa on Facebook at www.facebook.com/Alcoa.

Alcoa first entered Russia in 1993. In 2005 the company acquired two fabricating facilities: Samara Metallurgical Plant (now ZAO Alcoa SMZ) and Belaya Kalitva Metallurgical Production Association (now ZAO Alcoa Metallurg Rus). Since 2005 Alcoa has invested nearly \$800 million to upgrade its



Rostec

Russian facilities.

www.alcoa.ru

ZAO Alcoa SMZ is one of Russia's largest producers of fabricated aluminum. It manufactures a wide range of flat rolled products, extrusions and forgings of all aluminum alloys in compliance with international and Russian standards. The plant serves customers in many markets, including aerospace, shipbuilding, oil and gas, packaging, and transportation. The plant's production and quality management systems have been ISO 9001 certified. Ecological Management system has been ISO 14001 certified.

Press contact:

Julia Lebedinskaja

+7 (926) 696-9342

yulebedinskaya@apostol.com

Press contacts:

Antonina Griбанова

+7 (926) 529 7005

agribanova@apostol.com