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MCDONNELL DOUGLAS REPORTS SOLID FIRST QUARTER EARNINGS

ST. LOUIS, April 17, 1997 -- McDonnell Douglas (NYSE: MD) reported 1997 first quarter earnings of \$181 million, or 86 cents per share. That compares to earnings of \$198 million, or 89 cents per share, in the first quarter of 1996. Earnings were negatively impacted in the 1997 first quarter by accident-related costs and fewer launches resulting from the Delta II failure in January 1997, increased costs on the MD-95 commercial aircraft and Delta III development programs, and costs related to merger activities. Additionally, earnings during the first quarter of 1996 were increased by an environmental insurance recovery.

Total revenues for the first quarter of 1997 were \$3.2 billion, slightly above the 1996 same period. Operating earnings for the first quarter of 1997 were \$321 million, down from \$347 million in the 1996 first quarter.

Cash used by aerospace operations was a little more than \$350 million for the 1997 first quarter. Most of this cash was used in the commercial aircraft segment. Higher commercial deliveries are expected in the second half of this year.

"Financial results for the first quarter of 1997 were solid, despite the impact of higher investments in new programs and the lingering effects of last year's strike at our St. Louis facilities," said Harry Stonecipher, president and chief executive officer of McDonnell Douglas. "Clearly we are pleased with the outstanding progress that continues on our F/A-18E/F development program."

Operating earnings in the military aircraft segment in the 1997 first quarter were \$259 million, compared with \$250 million in the first quarter of 1996. Operating earnings in this segment were impacted by increased earnings in the F/A-18E/F program which were nearly offset by reduced earnings in the F-15 and F/A-18C/D production programs.

Several positive developments occurred in the F/A-18E/F program during the 1997 first quarter. The F/A-18E/F program successfully completed all test objectives of initial sea trials, delivered the last aircraft of the development phase, and received approval from the Department of Defense to begin production of the first 12 aircraft. In connection with the passage of these significant milestones, McDonnell Douglas increased the overall earnings rate on this program to include an estimate of a portion of remaining award fees. Most of the remaining potential award fees will be determined at the completion of technical and operational evaluations scheduled for 1999.

Production cost increases, primarily on the F/A-18C/D and F-15 programs, negatively impacted 1997 first quarter operations in the military aircraft segment. The phase-in of work subsequent to a 99-day strike at the St. Louis operations, which ended in September 1996, along with increased retirements of experienced personnel late in the year impacted productivity levels. A build-up of the production rate on the F-15 program, and with it the use of personnel less experienced on the F-15 program, added to the increased production costs.

Revenues for the military aircraft segment in the first quarter of 1997 were \$1.9 billion, down from \$2.0 billion in the same period of 1996. Increased volume on the F-15 program, where McDonnell Douglas is increasing the production rate, was offset by planned lower activity on the F/A-18C/D program.

Operating earnings in the missiles, space and electronic systems segment in the 1997 first quarter were \$36 million, compared with \$58 million in the 1996 first quarter. Expenditures on the Delta III, a launch vehicle currently under development, and lower earnings on the Delta II program caused the decrease. The Delta II program had four launches in the first quarter of 1996, compared with only one in the first quarter of 1997. Activities associated with the failure of the 1997 launch negatively impacted 1997 first quarter results.

Revenues for the missiles, space and electronic systems segment in the first quarter of 1997 were \$553 million, compared with \$608 million in the same period of 1996. Lower revenue in the Delta II program, due to the aforementioned reduction in launches, was partially offset by increased Space Station program and classified program activities.

Operating earnings in the commercial aircraft segment in the 1997 first quarter were \$4 million, down from \$19 million in the first quarter of 1996. Earnings from the sale of spare parts and related services continued their significant contribution to earnings in 1997. Increased losses on the MD-95 program, currently in development, were in part offset by some reduction in cost estimates related to prior deliveries of trijet and twin-jet aircraft. Additionally, earnings in the 1996 first quarter included recoveries from an insurance carrier related to environmental coverage at several sites.

Revenues for the commercial aircraft segment in the first quarter of 1997 were \$624 million, increased from \$428 million in the first quarter of 1996. McDonnell Douglas delivered seven MD-90 twin jets and two MD-11 trijets in the 1997 first quarter, compared with four MD-80 and three MD-90 twin jets and three MD-11 trijets in the 1996 same period. Two of the MD-90 twin jet deliveries in each year and two of the MD-11 trijet 1996 deliveries were accounted for as operating leases with minimal revenue recorded on such transactions at the time of delivery.

McDonnell Douglas received orders for two MD-90 twin jets and completed arrangements with Lufthansa for five MD-11 trijet orders in the first quarter of 1997. On March 31, 1997, McDonnell Douglas had firm orders for 29 MD-80 twin jets, 100 MD-90 twin jets, 50 MD-95 twin jets, and 18 MD-11 trijets.

Operating earnings in the financial services and other segment were \$22 million in

the first quarter of 1997, compared with \$20 million in the same quarter in 1996. Revenues in this segment were \$101 million in the first quarter of 1997, an increase of \$14 million over the same period in 1996. The revenue increase reflects the corporation's continued focus on growing this segment of its business.

Interest expense totaled \$35 million in the first quarter of 1997, up from \$31 million in the first quarter of 1996. The increase relates to a higher level of aerospace debt, brought about by the issuance of \$250 million of 10-year notes in late 1996. McDonnell Douglas had \$250 million of senior debt securities which matured in early April 1997.

Pension income totaled \$40 million in the 1997 first quarter, up from \$32 million in the first quarter of 1996. The increase is associated with a higher level of plan assets.

McDonnell Douglas had firm backlog of \$23.4 billion on March 31, 1997, compared with \$23.7 billion on Dec. 31, 1996. Total backlog was \$43.1 billion on March 31, 1997, compared with \$44.4 billion on Dec. 31, 1996.

Total employment at McDonnell Douglas was 63,639 on March 31, 1997, compared to 63,873 on Dec. 31, 1996

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MCDONNELL DOUGLAS CORPORATION
 CONSOLIDATED STATEMENT OF EARNINGS
 (Amounts in millions, except per share data)

	Three Months Ended	
	March 31	
	1997	1996
	-----	-----
	Unaudited	
Revenues	\$ 3,230	\$ 3,171
Costs and expenses:		
Cost of products, services and rentals	2,607	2,537
General and administrative expenses	171	169
Research and development	94	88
Interest expense:		
Aerospace segments	35	31
Financial services and other segment	35	30
	-----	-----
Total costs and expenses	2,942	2,855

Earnings Before Income Taxes	288	316
Income taxes	107	118
Net Earnings	\$ 181	\$ 198
Earnings Per Share	\$.86	\$.89
Dividends Declared Per Share	\$.12	\$.12
Weighted-average Shares Outstanding	209.9	222.2

MCDONNELL DOUGLAS CORPORATION
BUSINESS SEGMENT DATA
(Millions of dollars)

	Three Months Ended March 31	
	1997	1996
	-----	-----
	Unaudited	
Revenues		
Military aircraft	\$ 1,946	\$ 2,039
Commercial aircraft	624	428
Missiles, space and electronic systems	553	608
Financial services and other	101	87
Operating revenues	-----	-----
	3,224	3,162
Non-operating income	6	9
	-----	-----
Total Revenues	\$ 3,230	\$ 3,171
	=====	=====
Earnings		
Military aircraft	\$ 259	\$ 250
Commercial aircraft	4	19
Missile, space and electronic systems	36	58
Financial services and other	22	20
Operating earnings	-----	-----
	321	347
Corporate and other	2	-

Interest expense	(35)	(31)
Income tax expense	(107)	(118)
	-----	-----
Net Earnings	\$ 181	\$ 198
	=====	=====

Operating earnings of the financial services and other segment have been reduced by interest expense, an operating expense of that segment.

MCDONNELL DOUGLAS CORPORATION
BALANCE SHEET
(Millions of dollars)

McDonnell Douglas
Corporation and
Consolidated Subsidiaries

	March 31 1997	December 31 1996
	-----	-----
	Unaudited	
ASSETS		
Cash and cash equivalents	\$ 706	\$ 1,094
Accounts receivable	1,064	882
Finance receivables and property on lease	3,129	3,090
Contracts in process and inventories	3,573	3,486
Prepaid income taxes	-	-
Property, plant and equipment	1,468	1,453
Investment in Financial Services	-	-
Other assets	1,666	1,626
	-----	-----
TOTAL ASSETS	\$11,606	\$11,631
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities:

Accounts payable and accrued expenses	\$ 2,292	\$ 2,595
Accrued retiree benefits	\$ 1,111	\$ 1,109
Income taxes	175	83
Advances and billings in excess of related costs	1,387	1,310
Notes payable and long-term debt:		
Aerospace segments	1,417	1,438

Financial services and other segment	1,956	1,995
	-----	-----
	8,338	8,530
Minority Interest	64	63
Shareholders' Equity	3,204	3,038
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$11,606	\$11,631
	=====	=====

	MDC Aerospace	
	March 31	December 31
	1997	1996
	-----	-----
	Unaudited	
ASSETS		
Cash and cash equivalents	\$ 694	\$ 1,077
Accounts receivable	1,141	964
Finance receivables and property on lease	340	254
Contracts in process and inventories	3,573	3,486
Prepaid income taxes	191	278
Property, plant and equipment	1,408	1,391
Investment in Financial Services	398	383
Other assets	1,588	1,535
	-----	-----
TOTAL ASSETS	\$ 9,333	\$ 9,368
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,216	\$ 2,470
Income Taxes	-	-
Accrued retiree benefits	\$ 1,111	\$ 1,109
Advances and billings in excess of related costs	1,336	1,265
Notes payable and long-term debt:		
Aerospace segments	1,402	1,423
Financial services and other segment	-	-

	-----	-----
	6,065	6,267
Minority Interest	64	63
Shareholders' Equity	3,204	3,038
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 9,333	\$ 9,368
	=====	=====

Financial Services

	March 31	December 31
	1997	1996
	-----	-----
	Unaudited	
ASSETS		
Cash and cash equivalents	\$ 12	\$ 17
Accounts receivable	-	-
Finance receivables and property on lease	2,789	2,836
Contracts in process and inventories	-	-
Prepaid income taxes	-	-
Property, plant and equipment	60	62
Investment in Financial Services	-	-
Other assets	78	91
	-----	-----
TOTAL ASSETS	\$ 2,939	\$ 3,006
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 153	\$ 207
Accrued retiree benefits	-	-
Income taxes	366	361
Advances and billings in excess of related costs	51	45
Notes payable and long-term debt:		
Aerospace segments	15	15
Financial services and other segment	1,956	1,995
	-----	-----
	2,541	2,623

Minority Interest	-	-
Shareholders' Equity	398	383
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,939	\$ 3,006
	=====	=====

As used on this page, "MDC Aerospace" represents the consolidation of McDonnell Douglas Corporation and its subsidiaries other than McDonnell Douglas Financial Services Corporation (MDFS) and McDonnell Douglas Realty Company (MDRC), which are presented on a one-line basis as Investment in Financial Services. "Financial Services" means MDFS and all of its affiliates and associated companies and MDRC. Transactions between MDC Aerospace and Financial Services have been eliminated from the "McDonnell Douglas Corporation and Consolidated Subsidiaries" columns.

MCDONNELL DOUGLAS CORPORATION

(Amounts in millions, except for ratios and deliveries)

CAPITAL STRUCTURE

March 31, 1997

	Aerospace Segments	Unaudited Financial Services and Other Segment	Total
	-----	-----	-----
Debt	\$1,417	\$1,956	\$3,373
	=====	=====	=====
Equity	\$2,806	\$ 398	\$3,204
	=====	=====	=====
Debt-to-equity ratio	.50	4.91	
	=====	=====	
Common Shares outstanding			210.0
			=====

December 31, 1996

Aerospace Segments	Financial Services and Other Segment	Total
-----	-----	-----

Debt	----- \$1,438	----- \$1,995	----- \$3,433
Equity	=====	=====	=====
	\$2,655	\$ 383	\$3,038
Debt-to-equity ratio	=====	=====	=====
	.54	5.21	
Common Shares outstanding	=====	=====	=====
			209.6

COMMERCIAL AIRCRAFT DELIVERIES

	Three Months Ended March 31	
	1997	1996
	-----	-----
MD-80	0	4
MD-90	7	3
MD-11	2	3

MCDONNELL DOUGLAS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Millions of dollars)

	Three Months Ended March 31	
	1997	1996
	-----	-----
	Unaudited	
OPERATING ACTIVITIES		
Net earnings	\$ 181	\$ 198
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	64	63
Pension income	(40)	(32)
Changes in other operating assets and liabilities	(416)	(217)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	----- (211)	----- 12

INVESTING ACTIVITES

Property, plant and equipment acquired	(58)	(51)
Finance receivables and property on lease	(55)	(295)
Other	21	27
	-----	-----
NET CASH USED BY INVESTING ACTIVITIES	(92)	(319)

FINANCING ACTIVITIES

Net change in borrowings (maturities 90 days or less)	(19)	89
Debt having maturities more than 90 days:		
New borrowings	64	262
Repayments	(105)	(82)
Common shares purchased	-	(174)
Dividends paid	(25)	(22)
	-----	-----
NET CASH USED BY FINANCING ACTIVITIES	(85)	73

DECREASE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at beginning of year	1,094	797
	-----	-----
Cash and cash equivalents at end of year	\$ 706	\$ 563
	=====	=====