

McDonnell Douglas Financial Information 1ST Quarter 1995

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ST. LOUIS, April 19, 1995 -- McDonnell Douglas had record first quarter net earnings -- led by record results in the military aircraft segment -- and continued strong cash flow for the quarter ended March 31, 1995.

Net earnings for the first quarter of 1995 were \$159 million, a 19 percent increase over the first quarter 1994 net earnings of \$134 million. Per share first quarter 1995 earnings were \$1.38, a 22 percent increase over the \$1.13 per share in the 1994 first quarter. The earnings improvement was led by the F-15 and C-17 programs in the military aircraft segment. This same segment showed continued improvement in profit margin and also had higher revenues -- accounting for almost 58 percent of total revenues.

McDonnell Douglas' aerospace operations continue to produce strong cash flow. Although aerospace debt remained steady since year-end at just under \$1.3 billion, aerospace cash and cash equivalents at March 31, 1995, more than doubled the Dec. 31, 1994, level. Aerospace cash and cash equivalents were \$872 million at March 31, 1995, compared with \$408 million at Dec. 31, 1994. This cash level includes first quarter receipts related to the C-17 omnibus settlement, and reductions of \$119 million used by McDonnell Douglas to purchase slightly more than 2.2 million shares of its common stock.

Total revenues increased to \$3.333 billion in 1995's first quarter, compared to \$2.953 billion in the same period of 1994. Most of this increase was associated with the commercial aircraft segment, where 1995 first quarter deliveries of both twin jets and trijets exceeded the 1994 level. Revenue decreases in the missiles, space and electronic systems segment and the financial services and other segment were more than offset by revenue increase in the military aircraft segment.

Operating earnings in the military aircraft segment in the 1995 first quarter were \$210 million -- a record quarter -- compared with \$166 million in the same period in 1994. Improved earnings in the F-15 program, where volume doubled over the 1994 first quarter, and the C-17 program, where the 1995 earnings included an award fee, contributed to the improved results.

Revenues for the military aircraft segment in the first quarter of 1995 were \$1.9 billion, up from the \$1.8 billion in 1994's first quarter. The F-15 program was the main contributor to this increase.

Operating earnings in the commercial aircraft segment in the 1995 first quarter were \$12 million, compared with \$3 million in the first quarter of 1994. Increased earnings from the sale of spare parts and related services contributed to this improvement. Revenues in this segment totaled \$917 million in the 1995 first quarter, compared with \$589 million in the 1994 same period.

McDonnell Douglas delivered nine twin jets, including the first three MD-90 twin

jets, and four trijets in 1995's first quarter. Four twin jets and three trijets were delivered in the 1994 first quarter.

On March 31, 1995, the MD-80/90 program included 1,120 deliveries, 113 aircraft on firm order, and 118 options and reserves. On the same date, the MD-11 program included 133 deliveries, 40 aircraft on firm order, and 84 options and reserves representing potential firm orders.

The missiles, space and electronic systems segment had 1995 first quarter operating earnings of \$59 million on revenues of \$407 million compared with earnings of \$60 million on revenues of \$445 million in the first quarter of 1994. Increased earnings in the space station were offset by lower earnings in the Tomahawk missiles program. Revenues in the Tomahawk program were lower than in the prior year, as McDonnell Douglas' work on this program winds down.

Operating earnings in the financial services and other segment were \$12 million in the 1995 first quarter, compared with \$30 million in the 1994 same period. Most of the prior year's higher earnings were attributed to a sale of property by McDonnell Douglas Realty Co.

Pension income totaled \$50 million in the 1995 first quarter, up from \$33 million in 1994's first quarter. The increased pension income reflects a higher actuarial interest assumption for the discount rate.

Interest expense for the aerospace segments in the first quarter of 1995 was \$37 million, down from \$42 million in 1994's first quarter. The lower interest reflects reduced aerospace debt.

The corporation's firm backlog on March 31, 1995, was \$17.812 billion, compared with \$17.503 billion on Dec. 31, 1994. Total backlog on March 31, 1995, was \$27.918 billion, compared with \$29.232 billion on Dec. 31, 1994. The decline in total backlog reflects deliveries and a continued softness in commercial aircraft orders worldwide.

Total employment at McDonnell Douglas was 65,072 on March 31, 1995, down slightly from 65,760 on Dec. 31, 1994.

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MCDONNELL DOUGLAS CORPORATION
CONSOLIDATED STATEMENT OF EARNINGS
(Millions of dollars, except share data)

	Three Months Ended March 31	
	1995	1994
	-----	-----
	Unaudited	
Revenues	\$ 3,333	\$ 2,953
Costs and expenses:		
Cost of products, services and		

rentals	2,794	2,420
General and administrative expenses	156	169
Research and development	68	80
Interest expense:		
Aerospace segments	37	42
Financial services and other segment	27	32
	-----	-----
Total costs and expenses	3,082	2,743
	-----	-----
Earnings Before Income Taxes	251	210
Income taxes	92	76
	-----	-----
Net Earnings	\$ 159	\$ 134
	=====	=====
Earnings Per Share	\$ 1.38	\$ 1.13
	=====	=====
Dividends Declared Per Share	\$.20	\$.12
	=====	=====

MCDONNELL DOUGLAS CORPORATION
BUSINESS SEGMENT DATA
(Millions of dollars)

	Three Months Ended	
	March 31	
	1995	1994
	-----	-----
	Unaudited	
Revenues		
Military aircraft	\$ 1,929	\$ 1,822
Commercial aircraft	917	589
Missiles, space and electronic systems	407	445
Financial services and other	77	93
	-----	-----
Operating revenues	3,330	2,949
Non-operating income	3	4
	-----	-----
Total Revenues	\$ 3,333	\$ 2,953
	=====	=====
Earnings		
Military aircraft	\$ 210	\$ 166
Commercial aircraft	12	3
Missiles, space and electronic systems	59	60
Financial services and other	12	30
	-----	-----
Operating earnings	293	259
Corporate and other	(5)	(7)
Interest expense	(37)	(42)
Income taxes	(92)	(76)

Net Earnings	----- \$ 159 =====	----- \$ 134 =====
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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 and shares)

McDonnell Douglas Corporation
and Consolidated Subsidiaries

	March 31 1995 ----- Unaudited	December 31 1994 -----
ASSETS		
Cash and cash equivalents	\$ 896	\$ 421
Accounts receivable	641	772
Finance receivables and property on lease	2,182	2,087
Contracts in process and inventories	5,356	5,806
Property, plant and equipment	1,543	1,597
Other assets	1,556	1,533
	-----	-----
TOTAL ASSETS	\$12,174	\$12,216
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,246	\$ 2,485
Accrued retiree benefits	1,275	1,298
Income taxes	790	723
Advances and billings in excess of related costs	1,222	1,200
Notes payable and long-term debt:		
Aerospace segments	1,292	1,272
Financial services and other segment	1,394	1,297
	-----	-----
	8,219	8,275
Minority Interest	70	69
Shareholders' Equity	3,885	3,872
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$12,174	\$12,216
	=====	=====

MDC Aerospace

March 31 December 31

	1995	1994
	-----	-----
	Unaudited	
ASSETS		
Cash and cash equivalents	\$ 872	\$ 408
Accounts receivable	766	916
Finance receivables and property on lease	161	152
Contracts in process and inventories	5,356	5,806
Property, plant and equipment	1,427	1,441
Investment in Financial Services	314	313
Other assets	1,433	1,420
	-----	-----
TOTAL ASSETS	\$10,329	\$10,456
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities		
Accounts payable and accrued expenses	\$ 2,171	\$ 2,382
Accrued retiree benefits	1,275	1,298
Income taxes	473	424
Advances and billings in excess of related costs	1,186	1,162
Notes payable and long-term debt: Aerospace segments	1,269	1,249
	-----	-----
	6,374	6,515
Minority Interest	70	69
Shareholders' Equity	3,885	3,872
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$10,329	\$10,456
	=====	=====

Financial Services

	March 31	December 31
	1995	1994
	-----	-----
	Unaudited	
ASSETS		
Cash and cash equivalents	\$ 24	\$ 13
Accounts receivable	-	1
Finance receivables and property on lease	2,021	1,935
Property, plant and equipment	116	156
Other assets	123	113
	-----	-----
TOTAL ASSETS	\$ 2,284	\$ 2,218
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		

Liabilities		
Accounts payable and accrued expenses	\$ 200	\$ 248
Income taxes	317	299
Advances and billings in excess of related costs	36	38
Notes payable and long-term debt:		
Aerospace segments	23	23
Financial services and other segment	1,394	1,297
	<u>1,970</u>	<u>1,905</u>
Shareholders' Equity	314	313
	<u>314</u>	<u>313</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$2,284</u>	<u>\$ 2,218</u>

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
CAPITAL STRUCTURE
(Millions of dollars)

	March 31, 1995		
	----- Unaudited		
	Aerospace Segments	Financial Services and Other Segment	Total
	-----	-----	-----
Debt	\$1,292	\$1,394	\$2,686
Equity	3,571	314	3,885
	<u>\$4,863</u>	<u>\$1,708</u>	<u>\$6,571</u>
	=====	=====	=====
Debt-to-equity ratio	.36	4.44	
	=====	=====	

	December 31, 1994		

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

Debt	----- \$1,272	----- \$1,297	----- \$2,569
Equity	3,559	313	3,872
	----- \$4,831	----- \$1,610	----- \$6,441
	=====	=====	=====
Debt-to-equity ratio	.36	4.14	
	=====	=====	

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

	Three Months Ended March 31	
	1995	1994
	----- Unaudited -----	
OPERATING ACTIVITIES		
Net earnings	\$ 159	\$ 134
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	65	71
Gain on sale of assets	-	(20)
Pension income	(50)	(33)
Non-cash retiree health care costs	1	4
Change in operating assets and liabilities	395	170
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	570	326
INVESTING ACTIVITIES		
Property, plant and equipment acquired	(42)	(31)
Finance receivables and property on lease	(64)	55
Proceeds from sale of assets	25	23
Other	9	35
	-----	-----
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(72)	82
FINANCING ACTIVITIES		
Net change in borrowings (maturities 90 days or less)	68	(7)
Debt having maturities more than 90 days:		
New borrowings	137	126
Repayments	(88)	(350)
Minority interest	1	-
Proceeds of stock options exercised	-	2
Common shares purchased	(119)	-
Dividends paid	(22)	(13)
	-----	-----
NET CASH USED BY FINANCING ACTIVITIES	(23)	(242)
	-----	-----

INCREASE IN CASH AND CASH EQUIVALENTS	475	166
Cash and cash equivalents at beginning of year	421	86
	-----	-----
Cash and cash equivalents at end of period	\$ 896	\$ 252
	=====	=====

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