Federal Claims Court Decides in Favor of Plaintiffs in A-12 Case

The U.S. Court of Federal Claims today issued its final decision in the A-12 aircraft litigation filed in 1991 and has determined that the McDonnell Douglas and General Dynamics team is entitled to be paid an additional $1.2 billion, plus interest from June 26, 1991 until paid, from the U.S. government. McDonnell Douglas merged with Boeing in August 1997.

"We are pleased with the final decision of the court, which substantially moves this litigation towards resolution," said Theodore J. Collins, Boeing senior vice president and general counsel. "Although the government is expected to appeal the judgment, Boeing believes the judgment will be sustained."

Final resolution of the A-12 litigation will depend upon that appeal and possible further litigation, or negotiations, with the government. If sustained, the judgment, including interest, would result in pretax income that would more than offset the $350 million loss provision established by McDonnell Douglas in 1990.

On Jan. 7, 1991, the U.S. Navy notified McDonnell Douglas and General Dynamics that it was terminating for default the team's contract for development and initial production of the A-12 aircraft. The team filed a legal action to contest the Navy's default termination, to assert its right to convert the termination to one for "the convenience of the government," and to obtain payment for work done and costs incurred on the A-12 contract but not paid. Today's final decision upholds the companies' claims.

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