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Proposed Strategic Alliance between MDC and Taiwan Aerospace Corporation

- It is the intention of McDonnell Douglas to engage in serious negotiations the end product of which will be a strategic alliance in which Republic of China investors could acquire as much as 40% of McDonnell Douglas' commercial airliner business for up to $2 billion.

- Our defense activities will remain 100 percent U.S. owned. The joint venture will involve only the commercial portion of Douglas aircraft. Under this venture McDonnell Douglas will maintain majority ownership and management control of the new company.

- Such a strategic alliance will give us the opportunity to build state-of-the-art commercial aircraft in a cost-efficient way, including the long range, wide body MD-12. It will position McDonnell Douglas in a key strategic area of the world.

- This venture will strengthen McDonnell Douglas as a company and therefore strengthen both the U.S. defense and commercial industrial base. It will create a dynamic new force in the global commercial aviation market.

- Soon after a final agreement is reached, we will select a U.S. site and start construction on a major final assembly facility for the MD-12 aircraft. Depending on the production rate of the new aircraft, several thousand manufacturing jobs will be created at this facility.

- We are fully aware of our responsibilities under U.S. laws relating to foreign investment and technology transfer and we take them very seriously. We will comply fully with both the spirit and the letter of these laws.

- The new company will be a commercial venture; i.e., investments will be on strictly commercial terms, accountable to the disciplines of the marketplace.

- In summary, we think this venture will substantially strengthen our commercial aviation business and will increase our ability to build premier commercial aircraft. It is a dynamic partnership that embraces the global marketplace of the future. This venture will have a positive impact on U.S. trade with Asia and the rest of the world.