

Operational Highlights

Sharper focus on execution led to impressive operational performance in 2004.

- Delivered solid growth and profitability, improving revenues by 4.4 percent and earnings by 161 percent over 2003; also increased earnings per share by 164 percent.
- Generated strong cash flow of \$3.5 billion after \$4.4 billion in discretionary and nondiscretionary pension funding.
- Continued robust stock performance with Boeing stock appreciation of 22.9 percent in 2004, compared with 9 percent for the S&P 500, 14 percent for S&P 500 Aerospace and Defense Index and 3.2 percent for the Dow.
- Launched the 787 (formerly 7E7) Dreamliner with our largest-ever inaugural order, ending the year with customers ordering 56 787s and placing commitments for 70 additional airplanes. Announced sales in early 2005 brought the total to 193.
- Won \$3.9 billion Multi-mission Maritime Aircraft contract—with a potential value of \$44 billion—besting the 40-year incumbent to build next-generation “submarine hunters.”
- Signed a \$6 billion extension to expand the scope of the Future Combat Systems program and accelerate delivery of technologies and capabilities to the U.S. Army.
- Sold our commercial equipment financing business to GE for more than \$2 billion, strengthening an already strong cash balance; with strong operating cash flows, allowed Boeing Capital Corporation to retire more than \$2 billion in debt.
- Began initial deployment of Connexion by BoeingSM service on four airlines, and reached definitive service agreements with three and preliminary agreements with four others.

2004 Financial Highlights

(U.S. dollars in millions except per share data)

	2004	2003	2002	2001	2000
Revenues	52,457	50,256	53,831	57,970	51,119
Net earnings*	1,872	718	492	2,827	2,128
Earnings per share*	2.24	0.85	2.84	3.40	2.37
Operating margins	3.8%	0.8%	6.4%	6.2%	6.0%
Contractual backlog	109,600	104,812	104,173	106,591	120,600

*Before cumulative effect of accounting change.