

Consolidated Statements of Operations

(Dollars in millions, except per share data)

Year Ended December 31,	2004	2003	2002
Sales of products	\$ 43,960	\$ 41,389	\$ 46,317
Sales of services	8,497	8,867	7,514
Total Revenues	52,457	50,256	53,831
Cost of products	(37,443)	(35,100)	(39,149)
Cost of services	(7,232)	(8,692)	(6,336)
Boeing Capital Corporation interest expense	(350)	(358)	(319)
Total costs and expenses	(45,025)	(44,150)	(45,804)
	7,432	6,106	8,027
Income/(loss) from operating investments, net	91	28	(49)
General and administrative expense	(3,081)	(2,744)	(2,512)
Research and development expense	(1,879)	(1,651)	(1,639)
Gain on dispositions, net	23	7	44
Share-based plans expense	(576)	(456)	(447)
Goodwill impairment	(3)	(913)	
Impact of September 11, 2001, recoveries		21	2
Earnings from continuing operations	2,007	398	3,426
Other income, net	288	460	37
Interest and debt expense	(335)	(358)	(320)
Earnings before income taxes	1,960	500	3,143
Income tax (expense)/benefit	(140)	185	(847)
Net earnings from continuing operations	1,820	685	2,296
Income from discontinued operations, net of taxes	10	33	23
Net gain on disposal of discontinued operations, net of taxes	42		
Cumulative effect of accounting change, net of taxes			(1,827)
Net earnings	\$ 1,872	\$ 718	\$ 492
Basic earnings per share from continuing operations	\$2.27	\$ 0.86	\$ 2.87
Income from discontinued operations, net of taxes	0.01	0.04	0.03
Net gain on disposal of discontinued operations, net of taxes	0.05		
Cumulative effect of accounting change, net of taxes			(2.28)
Basic earnings per share	\$ 2.33	\$ 0.90	\$ 0.62
Diluted earnings per share from continuing operations	\$2.24	\$0.85	\$2.84
Income from discontinued operations, net of taxes	0.01	0.04	0.03
Net gain on disposal of discontinued operations, net of taxes	0.05		
Cumulative effect of accounting change, net of taxes			(2.26)
Diluted earnings per share	\$ 2.30	\$ 0.89	\$ 0.61

See notes to consolidated financial statements on pages 57–93.