

## Operational Highlights

- ▶ Improved revenue growth by 5 percent and increased net income by 37 percent over 2004, despite strikes at two of our business units and moderating defense markets.
- ▶ Increased backlog by 34 percent to a record \$205 billion.
- ▶ Generated \$7 billion of operating cash flow, allowing us to fund \$1.9 billion into pension plans, buy back approximately \$3 billion in stock and invest in new products.
- ▶ Continued strong stock performance — performing in the top quartile of the S&P 500, with 36 percent growth over 2004; increased earnings per share by 42 percent.
- ▶ Captured a Boeing record 1,002 net (1,029 gross) commercial airplane orders, proving we have the right market and product strategies.
- ▶ Reached significant Commercial Airplanes program milestones with launch of the 777 Freighter, 737-900 Extended Range and 747-8 airplanes and completion of firm configuration for the 787 Dreamliner.
- ▶ Demonstrated outstanding performance from Integrated Defense Systems with a 33 percent operating earnings increase over 2004; and operating margins at 12.6 percent compared to 9.6 percent a year ago.
- ▶ Achieved major IDS program milestones with successful Future Combat System and Multi-mission Maritime Aircraft program reviews, delivery of the first F-15K to the Republic of Korea, rollout of the Italian KC-767 Tanker, and a successful Ground-based Missile Defense test flight.
- ▶ Completed divestiture of our Wichita operations, Rocketdyne Propulsion & Power and Boeing Electronic Dynamic Devices, Inc., as we sharpen our focus on large-scale aerospace and defense systems integration and give these businesses the opportunity to grow through access to broader markets.

# delivering results

<b>2005 Financial Highlights</b>					
U.S. dollars in millions except per share data	<b>2005</b>	2004	2003	2002	2001
Revenues	<b>54,845</b>	52,457	50,256	53,831	57,970
Net earnings	<b>2,572</b>	1,872	718	492	2,827
Earnings per share*	<b>3.19</b>	2.24	0.85	2.84	3.40
Operating margins	<b>5.1%</b>	3.8%	0.8%	6.4%	6.2%
Contractual backlog <sup>†</sup>	<b>160,473</b>	109,600	104,812	104,173	106,591

\* Before cumulative effect of accounting change and net gain (loss) from discontinued operations.

<sup>†</sup> Commercial Airplanes backlog at December 31, 2005, has been reduced by \$7.8 billion to reflect the planned change in accounting for concessions effective January 1, 2006. Had December 31, 2004, reflected this method of accounting, Commercial Airplanes contractual backlog would have been reduced by \$4.9 billion to \$65.5 billion. Refer to Note 1 in the Financial section.

NOTE: Page 3 of this report refers to earnings per share adjusted for special items "core earnings per share". This is a "non-GAAP financial measure" under SEC rules. The reasons we use core earnings per share and a reconciliation to GAAP earnings per share is included on page 21 of this report.