

Consolidated Statements of Operations

(Dollars in millions, except per share data)

Year Ended December 31,	2005	2004	2003
Sales of products	\$ 45,398	\$ 43,979	\$ 41,493
Sales of services	9,447	8,478	8,763
Total revenues	54,845	52,457	50,256
Cost of products	(38,082)	(37,921)	(35,562)
Cost of services	(7,767)	(6,754)	(8,230)
Boeing Capital Corporation interest expense	(359)	(350)	(358)
Total costs and expenses	(46,208)	(45,025)	(44,150)
	8,637	7,432	6,106
Income from operating investments, net	88	91	28
General and administrative expense	(4,228)	(3,657)	(3,200)
Research and development expense	(2,205)	(1,879)	(1,651)
Gain on dispositions, net	520	23	7
Goodwill impairment		(3)	(913)
Impact of September 11, 2001, recoveries			21
Earnings from continuing operations	2,812	2,007	398
Other income, net	301	288	460
Interest and debt expense	(294)	(335)	(358)
Earnings before income taxes	2,819	1,960	500
Income tax (expense)/benefit	(257)	(140)	185
Net earnings from continuing operations	2,562	1,820	685
Income from discontinued operations, net of taxes		10	33
Net (loss) gain on disposal of discontinued operations, net of taxes	(7)	42	
Cumulative effect of accounting change, net of taxes	17		
Net earnings	\$ 2,572	\$ 1,872	\$ 718
Basic earnings per share from continuing operations	\$ 3.26	\$ 2.27	\$ 0.86
Income from discontinued operations, net of taxes		0.01	0.04
Net (loss) gain on disposal of discontinued operations, net of taxes	(0.02)	0.05	
Cumulative effect of accounting change, net of taxes	0.03		
Basic earnings per share	\$ 3.27	\$ 2.33	\$ 0.90
Diluted earnings per share from continuing operations	\$ 3.19	\$ 2.24	\$ 0.85
Income from discontinued operations, net of taxes		0.01	0.04
Net (loss) gain on disposal of discontinued operations, net of taxes	(0.01)	0.05	
Cumulative effect of accounting change, net of taxes	0.02		
Diluted earnings per share	\$ 3.20	\$ 2.30	\$ 0.89

See notes to consolidated financial statements on pages 50–84.