

Consolidated Statements of Operations

(Dollars in millions, except per share data)

Year Ended December 31,

	2006	2005	2004
Sales of products	\$ 52,644	\$ 44,174	\$ 42,922
Sales of services	8,886	9,447	8,478
Total revenues	61,530	53,621	51,400
Cost of products	(42,490)	(36,858)	(36,864)
Cost of services	(7,594)	(7,767)	(6,754)
Boeing Capital Corporation interest expense	(353)	(359)	(350)
Total costs and expenses	(50,437)	(44,984)	(43,968)
	11,093	8,637	7,432
Income from operating investments, net	146	88	91
General and administrative expense	(4,171)	(4,228)	(3,657)
Research and development expense, net of credits of \$160, \$611, and \$205	(3,257)	(2,205)	(1,879)
(Loss)/gain on dispositions/business shutdown, net	(226)	520	23
Goodwill impairment			(3)
Settlement with U.S. Department of Justice, net of accruals	(571)		
Earnings from operations	3,014	2,812	2,007
Other income, net	420	301	288
Interest and debt expense	(240)	(294)	(335)
Earnings before income taxes	3,194	2,819	1,960
Income tax expense	(988)	(257)	(140)
Net earnings from continuing operations	2,206	2,562	1,820
Income from discontinued operations, net of taxes of \$6			10
Net gain/(loss) on disposal of discontinued operations, net of taxes of \$5, \$(5) and \$24	9	(7)	42
Cumulative effect of accounting change, net of taxes of \$10		17	
Net earnings	\$ 2,215	\$ 2,572	\$ 1,872
Basic earnings per share from continuing operations	\$ 2.88	\$ 3.26	\$ 2.27
Income from discontinued operations, net of taxes			0.01
Net gain/(loss) on disposal of discontinued operations, net of taxes	0.01	(0.02)	0.05
Cumulative effect of accounting change, net of taxes		0.03	
Basic earnings per share	\$ 2.89	\$ 3.27	\$ 2.33
Diluted earnings per share from continuing operations	\$ 2.84	\$ 3.19	\$ 2.24
Income from discontinued operations, net of taxes			0.01
Net gain/(loss) on disposal of discontinued operations, net of taxes	0.01	(0.01)	0.05
Cumulative effect of accounting change, net of taxes		0.02	
Diluted earnings per share	\$ 2.85	\$ 3.20	\$ 2.30

See notes to consolidated financial statements on pages 45–79.