

**United Defense Industries, Inc.**  
**Consolidated Statement of Earnings (Unaudited)**  
**In Millions, Except Per Share Amounts**

	3 mos. ended		12 mos. ended	
	<u>12/31/2004</u>	<u>12/31/2003</u>	<u>12/31/2004</u>	<u>12/31/2003</u>
Revenues	\$ 595.6	\$ 524.7	\$ 2,292.4	\$ 2,052.6
Costs and expenses:				
Cost of sales	(480.3)	\$ (429.6)	(1,807.3)	(1,639.7)
Selling, general and administrative expenses	(50.5)	\$ (46.5)	(166.0)	(163.5)
Research and development	(8.8)	\$ (13.1)	(32.6)	(29.8)
Total expenses	<u>(539.6)</u>	<u>(489.2)</u>	<u>(2,005.9)</u>	<u>(1,833.0)</u>
Income from operations	56.0	35.5	286.5	219.6
Earnings (loss) related to investments in affiliates	-	3.1	6.4	19.7
Net interest expense	<u>(5.4)</u>	<u>(5.2)</u>	<u>(21.8)</u>	<u>(24.1)</u>
Income before income taxes	50.6	33.4	271.1	215.2
Provision for income taxes	<u>(19.4)</u>	<u>(4.6)</u>	<u>(105.0)</u>	<u>(74.6)</u>
Net income	<u>\$ 31.2</u>	<u>\$ 28.8</u>	<u>\$ 166.1</u>	<u>\$ 140.6</u>
Earnings per common share:				
Basic	<u>\$ 0.61</u>	<u>\$ 0.55</u>	<u>\$ 3.20</u>	<u>\$ 2.71</u>
Diluted	<u>\$ 0.60</u>	<u>\$ 0.54</u>	<u>\$ 3.15</u>	<u>\$ 2.66</u>
Weighted average common shares outstanding (in millions):				
Basic	<u>50.8</u>	<u>52.2</u>	<u>51.9</u>	<u>52.0</u>
Diluted	<u>51.8</u>	<u>53.2</u>	<u>52.8</u>	<u>52.9</u>

**Revenue by Program**  
Dollars in Millions

	3 mos. ended		12 mos. ended	
	<u>12/31/2004</u>	<u>12/31/2003</u>	<u>12/31/2004</u>	<u>12/31/2003</u>
Defense Systems:				
Bradley Family of Vehicles	\$ 39.5	\$ 35.1	\$ 368.9	\$ 292.6
Naval Ordnance	84.6	77.7	353.8	269.3
Vertical Launch Systems	30.8	34.1	119.7	115.4
Combat, Engineering and Recovery Vehicles	26.2	13.8	91.7	99.6
Future Combat Systems	54.3	59.1	220.4	239.5
Artillery Systems	61.4	28.8	144.5	108.4
Assault Amphibious Vehicles	38.5	35.0	68.2	132.0
Other	108.6	72.3	352.2	250.5
Total Defense Systems	<u>\$ 443.9</u>	<u>\$ 355.9</u>	<u>\$ 1,719.4</u>	<u>\$ 1,507.3</u>
Ship Repair and Maintenance	151.7	168.8	573.0	545.3
Total Revenue	<u>\$ 595.6</u>	<u>\$ 524.7</u>	<u>\$ 2,292.4</u>	<u>\$ 2,052.6</u>

**Cash Flow**  
Dollars in Millions

	3 mos. ended		12 mos. ended	
	<u>12/31/2004</u>	<u>12/31/2003</u>	<u>12/31/2004</u>	<u>12/31/2003</u>
Net Cash from Operating Activities	\$ 46.8	\$ 51.5	\$ 236.9	\$ 223.8
Net Cash used in Investing Activities:				
Net Capital Spending	(15.9)	(11.4)	(42.4)	(43.6)
Free Cash Flow	<u>\$ 30.9</u>	<u>\$ 40.1</u>	<u>\$ 194.5</u>	<u>\$ 180.2</u>
Purchase of Kaiser Compositek, Cercom and Hawaii Shipyards	-	-	(44.6)	-
Cash Flow	<u>\$ 30.9</u>	<u>\$ 40.1</u>	<u>\$ 149.9</u>	<u>\$ 180.2</u>