

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

	3 mos. ended		9 mos. ended	
	<u>9/30/2003</u>	<u>9/30/2002</u>	<u>9/30/2003</u>	<u>9/30/2002</u>
Revenues	\$ 507.9	\$ 529.7	\$ 1,527.9	\$ 1,204.2
Costs and expenses:				
Cost of sales	(400.3)	(427.0)	(1,210.1)	(971.7)
Selling, general and administrative expenses	(36.4)	(37.5)	(115.3)	(98.0)
Accelerated amortization of intangibles	(1.7)	-	(1.7)	-
Research and development	(10.7)	(7.6)	(16.7)	(22.8)
Total expenses	<u>(449.1)</u>	<u>(472.1)</u>	<u>(1,343.8)</u>	<u>(1,092.5)</u>
Income from operations	58.8	57.6	184.1	111.7
Earnings (loss) related to investments in affiliates	5.0	(0.6)	16.6	6.6
Net interest expense & other	<u>(6.1)</u>	<u>(11.4)</u>	<u>(18.9)</u>	<u>(21.9)</u>
Income before income taxes	57.7	45.6	181.8	96.4
Provision for income taxes	<u>(20.3)</u>	<u>(0.5)</u>	<u>(70.0)</u>	<u>(5.0)</u>
Net income	<u>\$ 37.4</u>	<u>\$ 45.1</u>	<u>\$ 111.8</u>	<u>\$ 91.4</u>
Earnings per common share:				
Basic	<u>\$ 0.72</u>	<u>\$ 0.88</u>	<u>\$ 2.16</u>	<u>\$ 1.78</u>
Diluted	<u>\$ 0.71</u>	<u>\$ 0.85</u>	<u>\$ 2.12</u>	<u>\$ 1.73</u>
Weighted average common shares outstanding (in millions):				
Basic	<u>52.0</u>	<u>51.5</u>	<u>51.9</u>	<u>51.2</u>
Diluted	<u>53.0</u>	<u>52.8</u>	<u>52.8</u>	<u>52.7</u>

Revenue by Program
Dollars in Millions

	3 mos. ended		9 mos. ended	
	<u>9/30/2003</u>	<u>9/30/2002</u>	<u>9/30/2003</u>	<u>9/30/2002</u>
Defense Systems:				
Bradley Family of Vehicles	\$ 46.7	\$ 125.3	\$ 257.5	\$ 266.3
Naval Ordnance	64.1	55.9	181.3	140.7
Vertical Launch System	32.0	29.8	81.3	88.7
Combat, Engineering and Recovery Vehicles	19.5	41.8	85.8	107.4
Artillery Systems	117.5	86.3	237.5	252.7
Assault Amphibious Vehicles	32.5	21.3	97.0	42.8
Other	63.1	63.6	211.0	199.9
Total Defense Systems	<u>\$ 375.4</u>	<u>\$ 424.0</u>	<u>\$ 1,151.4</u>	<u>\$ 1,098.5</u>
Ship Repair and Maintenance	132.5	105.7	376.5	105.7
Total Revenue	<u>\$ 507.9</u>	<u>\$ 529.7</u>	<u>\$ 1,527.9</u>	<u>\$ 1,204.2</u>

Cash Flow

	3 mos. ended		9 mos. ended	
	<u>9/30/2003</u>	<u>9/30/2002</u>	<u>9/30/2003</u>	<u>9/30/2002</u>
Net Cash from Operating Activities	\$ 73.4	\$ 30.7	\$ 172.2	\$ 75.7
Net Cash used in Investing Activities:				
Net Capital Spending	(8.5)	(5.7)	(32.2)	(13.2)
Free Cash Flow	<u>\$ 64.9</u>	<u>\$ 25.0</u>	<u>\$ 140.0</u>	<u>\$ 62.5</u>
Purchase of Cell ITS	-	-	-	(4.1)
Purchase of USMR	-	(307.4)	-	(307.4)
Cash Flow	<u>\$ 64.9</u>	<u>\$ (282.4)</u>	<u>\$ 140.0</u>	<u>\$ (249.0)</u>