

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

	3 mos. ended		12 mos. ended	
	<u>12/31/2003</u>	<u>12/31/2002</u>	<u>12/31/2003</u>	<u>12/31/2002</u>
Revenues	\$ 524.7	\$ 521.2	\$ 2,052.6	\$ 1,725.3
Costs and expenses:				
Cost of sales	(429.6)	(416.9)	(1,639.7)	(1,388.6)
Selling, general and administrative expenses	(46.5)	(44.8)	(163.5)	(142.8)
Research and development	(13.1)	(4.8)	(29.8)	(27.6)
Total expenses	<u>(489.2)</u>	<u>(466.5)</u>	<u>(1,833.0)</u>	<u>(1,559.0)</u>
Income from operations	35.5	54.7	219.6	166.3
Earnings (loss) related to investments in affiliates	3.1	7.2	19.7	13.8
Net interest expense & other	<u>(5.2)</u>	<u>(8.6)</u>	<u>(24.1)</u>	<u>(30.4)</u>
Income before income taxes	33.4	53.3	215.2	149.7
Provision for income taxes	<u>(4.6)</u>	<u>(10.1)</u>	<u>(74.6)</u>	<u>(15.2)</u>
Net income	<u>\$ 28.8</u>	<u>\$ 43.2</u>	<u>\$ 140.6</u>	<u>\$ 134.5</u>
Earnings per common share:				
Basic	<u>\$ 0.55</u>	<u>\$ 0.84</u>	<u>\$ 2.71</u>	<u>\$ 2.62</u>
Diluted	<u>\$ 0.54</u>	<u>\$ 0.82</u>	<u>\$ 2.66</u>	<u>\$ 2.55</u>
Weighted average common shares outstanding (in millions):				
Basic	<u>52.2</u>	<u>51.7</u>	<u>52.0</u>	<u>51.3</u>
Diluted	<u>53.2</u>	<u>52.8</u>	<u>52.9</u>	<u>52.8</u>

Revenue by Program
Dollars in Millions

	3 mos. ended		12 mos. ended	
	<u>12/31/2003</u>	<u>12/31/2002</u>	<u>12/31/2003</u>	<u>12/31/2002</u>
Defense Systems:				
Bradley Family of Vehicles	\$ 35.1	\$ 69.6	\$ 292.6	\$ 335.9
Naval Ordnance	58.6	78.3	239.9	219.0
Vertical Launch System	34.1	25.8	115.4	114.5
Combat, Engineering and Recovery Vehicles	13.8	40.4	99.6	147.8
Artillery Systems	73.3	57.0	310.8	309.7
Assault Amphibious Vehicles	35.0	22.5	132.0	65.3
Other	106.0	77.9	317.0	277.7
Total Defense Systems	<u>\$ 355.9</u>	<u>\$ 371.5</u>	<u>\$ 1,507.3</u>	<u>\$ 1,469.9</u>
Ship Repair and Maintenance	<u>168.8</u>	<u>149.7</u>	<u>545.3</u>	<u>255.4</u>
Total Revenue	<u><u>\$ 524.7</u></u>	<u><u>\$ 521.2</u></u>	<u><u>\$ 2,052.6</u></u>	<u><u>\$ 1,725.3</u></u>

Cash Flow

	3 mos. ended		12 mos. ended	
	<u>12/31/2003</u>	<u>12/31/2002</u>	<u>12/31/2003</u>	<u>12/31/2002</u>
Net Cash from Operating Activities	\$ 51.1	\$ 103.6	\$ 223.3	\$ 179.3
Net Cash used in Investing Activities:				
Net Capital Spending	<u>(10.8)</u>	<u>(9.6)</u>	<u>(43.1)</u>	<u>(22.8)</u>
Free Cash Flow	<u>\$ 40.3</u>	<u>\$ 94.0</u>	<u>\$ 180.2</u>	<u>\$ 156.5</u>
Purchase of Cell ITS	-	-	-	(4.1)
Purchase of USMR	<u>-</u>	<u>-</u>	<u>-</u>	<u>(306.9)</u>
Cash Flow	<u><u>\$ 40.3</u></u>	<u><u>\$ 94.0</u></u>	<u><u>\$ 180.2</u></u>	<u><u>\$ (154.5)</u></u>