Retirement Program Plan for Employees of Certain Employers at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee

Financial Statements and Supplemental Schedules with Report of Independent Auditors

December 31, 2004 and 2003

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December 31, 2004 and 2003

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*Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act ("ERISA") of 1974 have been omitted because they are not applicable.

MCCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Participants and Administrator of the
Retirement Program Plan for Employees of Certain Employers
at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee

We have audited the accompanying statement of net assets available for benefits of the Retirement Program for Employees of Certain Employers at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee as of December 31, 2004, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The 2003 financial statements were audited by other auditors whose report dated June 4, 2004 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Retirement Program Plan for Employees of Certain Employers at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee as of December 31, 2004, and the changes in its net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) and Schedule of Reportable Transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplementary information is the responsibility of the Plan's management. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McConnell & Jones LLP

Houston, Texas
June 10, 2005

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Retirement Program Plan for Employees of Certain Employers at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee

Statements of Net Assets Available for Benefits

December 31, 2004 and 2003
(in thousand of dollars)

	2004	2003
Assets		
Investments, at fair value		
United States Government securities	$ 622,821	$ 664,618
Corporate bonds and notes	137,665	123,012
Corporate bonds - preferred	133,888	130,850
Common stocks	1,445,741	1,321,100
Real estate – income producing	64,995	56,887
Common/collective trusts	483,889	498,687
Mutual funds	20,570	19,292
Cash	2,420	2,707
	2,911,989	2,817,153
Receivables		
Due from broker	11,728	36,063
Accrued income	8,545	8,734
	20,273	44,797
Total assets	2,932,262	2,861,950
Liabilities		
Due to broker	71,022	169,992
Net assets available for benefits	$ 2,861,240	$ 2,691,958

The accompanying notes are an integral part of these financial statements.

Retirement Program Plan for Employees of Certain Employers at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee

Statements of Changes in Net Assets Available for Benefits

Years Ended December 31, 2004 and 2003
(in thousand of dollars)

	2004	2003
Additions to net assets		
Dividend income	$ 20,696	$ 15,793
Interest income	44,629	44,220
Rental income	5,283	4,176
Net appreciation in fair value of investments	267,880	428,805
Total additions	338,488	492,994
Deductions from net assets		
Benefits paid to participants	152,693	146,385
Administrative expenses	16,513	14,416
Total deductions	169,206	160,801
Net increase before transfers	169,282	332,193
Net transfers from unaffiliated plans	-	1,864
Net assets available for benefits, beginning of year	2,691,958	2,357,901
Net assets available for benefits, end of year	$ 2,861,240	$ 2,691,958

The accompanying notes are an integral part of these financial statements.

Retirement Program Plan for Employees of Certain Employers at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee

Notes to Financial Statements

December 31, 2004 and 2003

1. Description of the Plan

The following description of the Retirement Program Plan for Employees of Certain Employers at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee (the "Plan") provides only general information. Participants should refer to the Plan document for a complete description of the Plan's provisions. Information about the Plan agreement, the vesting and benefit provisions, administrative expenses, and the Pension Benefit Guaranty Corporation's (PBGC) benefit guarantee is also contained in the Employee Book of Benefits, which is available from the benefit plan offices of each adopting employer.

General

The Plan is a defined benefit plan, which covers all eligible employees of the adopting employers with contracts with the U.S. Department of Energy ("DOE") at the Oak Ridge, Tennessee facilities. The Plan became a multiple employer pension plan effective April 1, 2000, with the participating employers being Lockheed Martin Energy System, Inc., and UT-Battelle, LLC ("UTB"). The Plan name was changed to the Retirement Program Plan for Employees of Certain Employers at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee. Effective November 1, 2000, the contract between the Department of Energy and Lockheed Martin Energy Systems, Inc. was terminated and BWXT-12, L.L.C. ("BWXT") became the successor employer and Plan Sponsor. The plan was amended to name the new participating employers, UTB and BWXT, at that time. The participating employers are hereafter referred to as the "Company" individually or the "Companies" collectively.

2. Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Plan:

Basis of Accounting

The Plan maintains its records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United Stated of America.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosures of contingent assets and liabilities**,** and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Investments Valuation and Income Recognition

Marketable securities are stated at fair value. Securities traded on national securities exchanges are valued at the last reported sales price on the last business day of the plan year. Net appreciation/depreciation of the fair value of investments consists of the unrealized appreciation or depreciation of investments held during the year and the realized gain or loss on investments sold during the year. The fair value of the participation units owned by the Plan in common/collective trusts is based on quoted redemption values on the last business day of the plan year.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those estimated future periodic payments that are attributable under the Plan's provisions to services rendered by the employees from their date of eligibility to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits for retired and terminated employees or their beneficiaries are based on each employee's compensation during the highest three calendar years during the last ten calendar years of credited service. Accumulated plan benefits for active employees are based on their average compensation during the three calendar years preceding the valuation date. Benefits payable under all circumstances (retirement, death, disability, and termination of employment) are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Derivative Financial Instruments

The derivatives used by the investment managers are limited to highly liquid exchange traded equity and fixed income futures and over-the-counter foreign exchange forward contracts. Short positions are collateralized with actual securities or offsetting or futures positions. Leveraging of the Plan's assets and speculation are prohibited.

3. Funding Policy

The Companies have agreed to contribute such amounts as are necessary to provide assets sufficient to meet the benefit obligations to be paid to its Plan participants. Each Company has the right under the Plan to discontinue its contributions at any time and/or terminate its participation in the Plan. Contributions by the Companies are made in amounts sufficient to meet the Employee Retirement Income Security Act of 1974 ("ERISA") minimum funding requirements utilizing the entry-age-normal actuarial cost method. The Companies have met the ERISA minimum funding requirements.

Although it has not expressed an intent to do so, the Companies have the right under the Plan to discontinue their contributions at any time and terminate the Plan subject to the provisions of ERISA.

4. Plan Termination

In the event of termination, the Plan's net assets are to be used first for the payment of retirement benefits, next for the payment of vested benefits, and finally for the payment of accrued benefits for the remaining participants. If the net assets allocated for one of the above categories are not sufficient to pay all the benefits in such category, the available net assets shall be allocated pro rata to all the benefits in that category. However, in the event of termination of the Plan, the Pension Benefit Guaranty Corporation (a U.S. government agency) guarantees the payment of all nonforfeitable retirement benefits subject to certain limitations prescribed by ERISA.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Plan sponsor and the level of benefits guaranteed by the Pension Benefit Guaranty Corporation.

5. Accumulated Plan Benefits

The actuarial present value of accumulated plan benefits is the amount that results from applying actuarial assumptions to the accumulated plan benefits earned by the participants to reflect the time value of money and the probability of payment between the valuation date and the expected date of payment. As of January 1, 2004 and 2003, the actuarial present value of accumulated plan benefits as estimated by Towers Perrin, the actuary for the Plan, is as follows:

(in thousands of dollars)	**2004**	**2003**
Vested benefits		
Participants currently receiving benefits	$ 1,210,274	$ 1,193,424
Other vested benefits	832,758	735,038
	2,043,032	1,928,462
Nonvested benefits	40,491	80,762
Total actuarial present value of accumulated plan benefits – January 1, 2004 and 2003	$ 2,083,523	$ 2,009,224

The significant actuarial assumptions used in the valuations were (a) life expectancy of participants (1983 Group Annuity Mortality Table was used), (b) turnover based upon the termination experience of the Plan, (c) assumed retirement age probabilities based on the experience of the Plan, and (d) an annual discount rate of 6.55 percent and 6.65 percent for 2004 and 2003, respectively. The interest rate assumptions used to calculate the actuarial present value of accumulated plan benefits are adjusted annually to reflect current, rather than long-term, shifts in the economy. This can result in significant year-to-year fluctuations in the liability.

Factors affecting the change in the actuarial present value of accumulated plan benefits are as follows:

(in thousands of dollars)	**2004**	**2003**
Actuarial present value of accumulated plan benefits – January 1, 2003 and 2002	$ 2,009,224	$ 1,900,722
Decrease during the year attributable to benefits paid	(146,385)	(146,068)
Increase for interest due to the decrease in the discount period	128,824	125,279
Changes in accrued benefits and net actuarial gains and losses	70,775	87,622
Change in discount rate	21,085	41,669
Net increase	74,299	108,502
Actuarial present value of accumulated plan benefits – January 1, 2004 and 2003	$ 2,083,523	$ 2,009,224

The actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

6. Investments

All investment information disclosed in the accompanying financial statements and supplemental schedules including investments held at December 31, 2004 and 2003, and net appreciation (depreciation) in fair value of investments, interest, and dividends for the years then ended, were obtained or derived from information supplied to the plan administrator and certified as complete and accurate by the trustee and insurance administrators.

During 2004 and 2003, the Plan's investments (including investments bought and sold, as well as held during the year) appreciated (depreciated) in fair value as follows:

(in thousands of dollars)	**2004**	**2003**
United States Government securities	$ 29,181	$ 3,176
Corporate bonds and notes	(879)	2,440
Corporate bonds – preferred	(1,055)	505
Common stocks	192,764	336,722
Real estate	3,378	249
Common/collective trusts	45,014	76,261
Mutual funds	135	9,739
Cash and cash equivalents	(658)	(287)
Net appreciation in fair value of investments	$ 267,880	$ 428,805

The fair value of individual investments that represent 5 percent or more of the Plan's net assets are as follows:

(in thousands of dollars)	**2004**	**2003**
Capital Guardian International Equity Fund	$ 169,292	$ 167,531
Prudential PRIFORM Stock Fund	151,974	139,549

7. Contracts with Trustee and Insurance Companies

Funds invested in separate accounts are subject to certain investment restrictions and standards set forth in the contract. Earnings of the assets invested in separate accounts are a function of the underlying assets of the separate account and not the assets of the general account. Assets invested in separate accounts are reported at the fair value of the participation units owned by the fund as of the last day of the plan year.

Realized gains and losses occur at the date of sale, transfer or other disposition. Unrealized gains and losses are the result of a measurement of the change in participation unit value for assets not removed from the separate account.

The assets invested in separate accounts are by contract, segregated from the general account, available for transfer between accounts under the contract at their market value and are not subject to the creditors of the insurance companies.

8. Plan Amendments

Effective January 1, 2004, the Plan was amended to provide an ad hoc increase in benefits for certain retirees and surviving spouses. The amendment will increase future monthly pension benefits to these participants, and their surviving spouses, who retired from full-time employment with at least twenty years of credited service, immediately commenced benefit payments, and who either retired on or before December 31, 1993 or retired on or after January 1, 1994 and before January 1, 2004 due to an involuntary reduction in force. The increase will apply only to the above described participants receiving less than $600 per month and surviving spouses receiving less than $400 per month as of December 31, 2003. The increase ranges from 1.7 percent to 500 percent to retirees and from 2.6 percent to 300 percent to their surviving spouses.

9. Tax Status

The plan obtained its latest determination letter on August 7, 2002, in which the Internal Revenue Service ("IRS") stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (the "IRC"). The Plan has been amended and restated since receiving the determination letter. The Plan Administrator believes the Plan is being operated in compliance with the applicable provisions of the IRC and therefore, no provision for income taxes has been included in the Plan's financial statements.

10. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

11. Related Party Transactions

The Plan invests in a common/commingled trust fund managed by Northern Trust Company. Northern Trust Company is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services amounted to approximately $270,000 and $198,000 for the years ended December 31, 2004 and 2003, respectively.

The Plan incurs expenses related to general administration and record keeping. The cost of collecting and distributing amounts to and from participants, and of keeping the individual records for all investment fund options, are paid by the Plan. The Plan sponsor incurs certain accounting and auditing fees relating to the Plan.