

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

Financial Statements and Supplemental Schedule
with Report of Independent Auditors

December 31, 2004 and 2003

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

December 31, 2004 and 2003

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*All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting under ERISA have been omitted because they are not applicable.



McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Participants and Administrator of the
Savings Program 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 Savings 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 Savings 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 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) is presented for purposes of additional analysis and is not a required part of the basic financial statements but is 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.

Houston, Texas
June 10, 2005

**Savings Program 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 thousands of dollars)

	2004	2003
Assets		
Investments at fair value		
Short term investment fund	\$ 18,998	\$ 19,591
Participant loans	12,068	11,164
Common/collective trusts	647,453	631,751
Registered investment companies	575,722	490,698
	<hr/> 1,254,241	<hr/> 1,153,204
Other assets		
Investment income receivable	2,013	2,045
Total assets	<hr/> 1,256,254	<hr/> 1,155,249
Liabilities		
	<hr/> 506	<hr/> 672
Net assets available for plan benefits	<hr/> <hr/> \$ 1,255,748	<hr/> <hr/> \$ 1,154,577

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

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

Statement of Changes in Net Assets Available for Plan Benefits

Year Ended December 31, 2004

(in thousands of dollars)

	2004
Net assets available for benefits at beginning of year	<u>\$ 1,154,577</u>
Additions to net assets	
Contributions	
Rollover	1,736
Employee	50,085
Employer	18,535
Total contributions	<u>70,356</u>
Investment income	
Dividends and interest	34,716
Net appreciation in fair value of investments	59,392
Total investment income	<u>94,108</u>
Total additions	<u>164,464</u>
Deductions from net assets	
Distributions and withdrawals	62,522
Administrative expenses	771
Total deductions	<u>63,293</u>
Net assets available for benefits at end of year	<u><u>\$ 1,255,748</u></u>

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

**Savings Program 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

General

The following description of the Savings Program for Employees of Certain Employers at the U.S. Department of Energy Facilities at Oak Ridge, Tennessee (the "Plan") provides only general information. A more complete description of the Plan is contained in the Plan document.

The Plan is a defined contribution 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 was originally established on July 1, 1996 for salaried and hourly employees of Lockheed Martin Energy Systems, Inc., Lockheed Martin Utility Services, Inc., and Lockheed Martin Energy Research, Inc., who provided contract management services for the DOE.

Effective April 1, 2000, the Plan became a multiple employer pension plan with the participating employers being Lockheed Martin Energy System, Inc. and UT-Battelle, LLC ("UTB"). The Plan name was changed to the Savings Program 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 the 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 ("the Company"), at that time.

Contributions

Participants may contribute basic contributions of 2-1/2 percent to 6 percent of eligible earnings (as defined by the Plan). Participants' basic contributions will be matched at a rate of 100 percent of the first 2 percent of eligible earnings and 50 percent of the next 4 percent of eligible earnings, regardless of credited service. Effective January 1, 2002, if a participant is contributing the maximum 6 percent basic contribution, the participant may make supplemental contributions ranging from 6-1/2 percent up to 60 percent (or 16 percent for highly compensated employees) of eligible earnings. Supplemental contributions are not eligible for Company matching contributions. All employee contributions to the Plan may be made on a before-tax basis up to the annual before-tax limit or on an after-tax basis.

Investment Options

Participants may direct contributions in increments of 5 percent to one or more of the following available investment options: Vanguard Windsor Fund, Stable Value Fund, Long Term Bond Fund, Indexed Equity Fund, American Balanced Fund, Investment Company of America Fund, Growth Fund of America Fund, New Perspectives Fund, Small Cap Value Fund, Small Cap Growth Fund, Montgomery Total Return Bond, and International Growth Fund. The assets of the Plan are held in trust under an agreement between the Company and the State Street Bank and Trust (the "Trustee").

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contribution and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are 100 percent immediately vested in their contributions, as adjusted for investment earnings and losses on their contributions. Company matching contributions become 100 percent vested after three years of service, at age 65 while a Company employee, upon retirement and eligibility to receive an immediate pension, or depart from the Company because of permanent disability, death, or involuntarily terminated for reasons other than cause.

Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 minus their highest outstanding loan balance during the previous twelve months or 50 percent of their vested account balance at the time of the loan. The loans are collateralized by the balance in the participant's account and bear interest at the prime rate plus 1 percent. Interest rates range from approximately 6 percent to 10 percent during 2004 and 2003. The minimum loan term is 6 months and the maximum loan term is 4-1/2 years for general loans and 15 years for residential loans. Principal and interest are paid ratably through payroll deductions.

Forfeited Accounts

Forfeited non-vested accounts are used to reduce employer contributions. In 2004, employer contributions were reduced by \$65,168 from forfeited non-vested accounts.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States 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, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting periods. Actual results could differ from those estimates.

Valuation of Investments and Income Recognition

The investments of the Plan are carried at fair value. Investments in shares of registered investment companies (mutual funds) are stated at fair market value as determined by quoted market price. Shares of common and collective trust funds are valued at net unit value as determined by the trustee at year end. Participant loans are valued at outstanding balances, which approximate fair value. Purchases and shares of securities are recorded on a trade date basis. Dividends are recorded on the ex-dividend date.

Payment of Benefits

Benefits are recorded when paid.

3. Investments

The following presents investments that represent 5 percent or more of the Plan's net assets.

<i>(in thousands of dollars)</i>	2004	2003
Metropolitan Life Insurance Co. Contract *	\$ 152,536	\$ 138,845
Indexed Equity Fund	83,725	79,662
Vanguard Windsor Fund	216,141	193,578
Growth Fund of America Fund	122,509	111,064

* Included in the Stable Value Fund investment option.

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

(in thousands of dollars)

Common/collective trusts	\$ 8,298
Registered investment companies	51,094
Net appreciation in fair value of investments	<u>\$ 59,392</u>

4. Plan Termination

Although it has not expressed any intent to do so, the Company has the right to amend, suspend, or terminate the Plan at any time except as provided in any agreement with a collective bargaining unit and subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts.

5. Income Tax Status

The Plan obtained its latest determination letter on July 12, 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 since receiving the determination letter. The Plan Administrator and the Plan’s tax counsel believe the Plan is being operated in compliance with the applicable provisions of the IRC.

6. Related Party Transactions

The Plan invests in shares of common and collective trust funds managed by State Street Global Advisors, which is a related party to the Trustee. Therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services amounted to approximately \$1,107,000 for the year ended December 31, 2004.

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 incurred certain accounting and auditing fees relating to the Plan.

7. 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 participants' account balances and the amounts reported in the statement of net assets available for benefits.

**Savings Program for Employees of Certain Employers at the
U.S. Department of Energy Facilities at Oak Ridge, Tennessee
EIN – 54-1987297 PN - 009
Schedule H: Line 4i – Schedule of Assets (Held at End of Year)**

December 31, 2004
(in thousands of dollars)

a. Party in Interest	b. Identity of issue, borrower, lessor, or similar party	c. Description of investment including maturity date, rate of interest, collateral, par, or maturity value	e. Current Value
*	State Street Global Advisors Stable Value Fund	Common/collective trust	\$ 582,726
	Pimco Long-Term Bond Fund	Mutual fund	20,871
	Vanguard American Balanced Fund	Mutual fund	41,758
*	State Street Global Advisors Indexed Equity Fund	Common/collective trust	83,725
	Vanguard Investment Company of America Fund	Mutual fund	45,521
	Vanguard Windsor Fund	Mutual fund	216,141
	Vanguard Growth Fund of America Fund	Mutual fund	122,509
	Vanguard New Perspectives Fund	Mutual fund	60,468
	Goldman Sachs Small Cap Value Fund	Mutual fund	18,755
	Vanguard International Growth Fund	Mutual fund	16,335
	The Managers Funds Small Cap Growth Fund	Mutual fund	23,631
	Wells Fargo Montgomery Total Return Fund	Mutual fund	9,733
*	Participant Loans	Interest at 6% to 10.5%	12,068
			\$ 1,254,241