



Selected Acquisition Report (SAR)

RCS: DD-A&T(Q&A)823-374



Littoral Combat Ship (LCS)

As of FY 2011 President's Budget

Defense Acquisition Management
Information Retrieval
(DAMIR)

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Common Acronyms and Abbreviations for MDAP Programs

Acq O&M - Acquisition-Related Operations and Maintenance
ACAT - Acquisition Category
ADM - Acquisition Decision Memorandum
APB - Acquisition Program Baseline
APPN - Appropriation
APUC - Average Procurement Unit Cost
\$B - Billions of Dollars
BA - Budget Authority/Budget Activity
Blk - Block
BY - Base Year
CAPE - Cost Assessment and Program Evaluation
CARD - Cost Analysis Requirements Description
CDD - Capability Development Document
CLIN - Contract Line Item Number
CPD - Capability Production Document
CY - Calendar Year
DAB - Defense Acquisition Board
DAE - Defense Acquisition Executive
DAMIR - Defense Acquisition Management Information Retrieval
DoD - Department of Defense
DSN - Defense Switched Network
EMD - Engineering and Manufacturing Development
EVM - Earned Value Management
FOC - Full Operational Capability
FMS - Foreign Military Sales
FRP - Full Rate Production
FY - Fiscal Year
FYDP - Future Years Defense Program
ICE - Independent Cost Estimate
IOC - Initial Operational Capability
Inc - Increment
JROC - Joint Requirements Oversight Council
\$K - Thousands of Dollars
KPP - Key Performance Parameter
LRIP - Low Rate Initial Production
\$M - Millions of Dollars
MDA - Milestone Decision Authority
MDAP - Major Defense Acquisition Program
MILCON - Military Construction
N/A - Not Applicable
O&M - Operations and Maintenance
ORD - Operational Requirements Document
OSD - Office of the Secretary of Defense
O&S - Operating and Support
PAUC - Program Acquisition Unit Cost

PB - President's Budget
PE - Program Element
PEO - Program Executive Officer
PM - Program Manager
POE - Program Office Estimate
RDT&E - Research, Development, Test, and Evaluation
SAR - Selected Acquisition Report
SCP - Service Cost Position
TBD - To Be Determined
TY - Then Year
UCR - Unit Cost Reporting
U.S. - United States
USD(AT&L) - Under Secretary of Defense (Acquisition, Technology and Logistics)

Program Information

Program Name

Littoral Combat Ship (LCS) (LITTORAL COMBAT SHIP)

DoD Component

Navy

Responsible Office

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Date

Assigned: February 26, 2007

References

SAR Baseline (Planning Estimate)

Defense Acquisition Executive (DAE) Approved Acquisition Program Baseline (APB) dated May 27, 2004

Approved APB

DAE Approved Acquisition Program Baseline (APB) dated May 27, 2004

Mission and Description

The Littoral Combat Ship (LCS) will be optimized for flexibility in the littorals as a system of systems that are both manned and unmanned, mission reconfigurable, and deployed in LCS. It will focus on three primary anti-access mission areas: Littoral Surface Warfare operations emphasizing prosecution of small boats, mine warfare, and littoral anti-submarine warfare. Its high speed and ability to operate at economical loiter speeds will enable fast and calculated response to small boat threats, mine laying and quiet diesel submarines. LCS employment of networked sensors for Intelligence, Surveillance, and Reconnaissance (ISR) in support of Special Operations Forces (SOF) will directly enhance littoral mobility. Its shallow draft will allow easier excursion into shallower areas for both mine countermeasures and small boat prosecution. Using LCS against these asymmetric threats will enable Joint Commanders to concentrate multi-mission combatants on primary missions such as precision strike, battle group escort and theater air defense.

Executive Summary

This SAR is for Flight 0/0+ RDT&E only in accordance with Section 2432, Title 10, U.S. Code. The RDT&E funds procurement of two Littoral Combat Ship (LCS) Seaframes (LCS 1 and LCS 2) (including outfitting, post delivery and initial spares), four Mission Packages and associated LCS development costs for ships through FY15.

LCS 1, USS FREEDOM delivered to the Navy on September 18, 2008 and Commissioned on November 8, 2008. LCS 1, USS FREEDOM is on her maiden deployment. Upon completion of her initial deployment LCS 1 will transit through Fourth Fleet operations to its homeport of San Diego, California followed by participation in the Rim of the Pacific (RIMPAC) fleet exercise. LCS 2, USS INDEPENDENCE delivered to the Navy on December 18, 2009 and Commissioned January 16, 2010. LCS 2, USS INDEPENDENCE is undergoing an Industrial Post Delivery Availability (IPDA) and will sail away from Austal Shipyard in late March 2010.

The contract for the two FY09 Seaframes was awarded on March 23, 2009 to Lockheed Martin for the construction of LCS 3, FORT WORTH at the Marinette Marine facility in Marinette, Wisconsin. and on May 1, 2009 to General Dynamics for the construction of LCS 4, CORONADO at the Austal, USA facility in Mobile, Alabama. Both ships are in construction.

In September 2009 the Government cancelled the solicitation to procure up to three Flight 0+ LCS in FY10. The Navy had no reasonable basis to find that the LCS program would be executable going forward given the expectation of constrained budgets. The Navy will employ increased competitive pricing of a down select strategy, coupled with Congressional authority to procure up to ten Seaframes in a "block buy" across five years, to improve procurement affordability and reduce lifecycle costs.

This Acquisition Strategy was approved by USD AT&L on January 25, 2010. The request for proposal for the FY10-FY14 Seaframes utilizing limited competition to the two current Industry teams for down selecting to one LCS design was released on January 26, 2010. Proposals are expected to be received in the 2nd quarter FY10 with the contract award planned for the 4th quarter FY10. The LCS Program plans to deliver affordable combatants through serial production of a single stable Seaframe design.

The Mission Modules program continues to execute within cost schedule and technical performance objectives. The USS FREEDOM early deployment resulted in re-prioritization of Mission Module testing. The Surface Warfare (SUW) package was brought forward requiring a first generation engineering development module to be ready for deployment. The Mission Module Program Office accelerated an early demonstration of a prototype of the Maritime Security Module, which will be used to gain valuable operator feedback prior to going into production.

The Mine Countermeasures (MCM) and Anti-Submarine Warfare (ASW) Mission Package (MP) completed shore-based end-to-end testing and at-sea testing on a surrogate platform in FY09. The MCM MP is scheduled to conduct developmental testing on board the LCS Seaframe in FY11 and initial operational testing in FY13. The MCM and SUW MPs consist of a mix of engineering development models and production representative systems that provide initial capability to perform MCM and SUW missions. Only one ASW MP consisting of Engineering Development Models has been procured. The procurement of additional ASW packages is temporarily suspended, and the performance of ASW MP #1 will be assessed during formal at-sea Developmental Testing in CY10. Results from this developmental testing will inform decisions on future ASW Mission Package composition.

There are no significant software-related issues for this program at this time.

Threshold Breaches

APB Breaches		Explanation of Breach
Schedule	<input checked="" type="checkbox"/>	There is a breach in the RDT&E Current Estimate from the established Acquisition Program Baseline (APB) cost threshold caused by cost growth in LCS 1 and LCS 2 and by the change in the Acquisition Strategy to down select to a single design and continue RDT&E development in support of procurement of Flight 0+ ships through at least FY15.
Performance	<input type="checkbox"/>	
Cost	<input checked="" type="checkbox"/>	
RDT&E	<input type="checkbox"/>	
Procurement	<input type="checkbox"/>	
MILCON	<input type="checkbox"/>	There is a breach in the Schedule as established in the APB. First Ship Delivery was delayed by the large amount of unplanned work, rework, and out of sequence tasks performed. This is causing a delay in test events driving a delay in the Initial Operational Capability (IOC).
Acq O&M	<input type="checkbox"/>	
O&S Cost	<input type="checkbox"/>	
Unit Cost	<input type="checkbox"/>	
PAUC	<input type="checkbox"/>	Nunn-McCurdy unit reporting not required for Pre-Milestone B programs in accordance with Section 2433, Title 10, USC.
APUC	<input type="checkbox"/>	
Nunn-McCurdy Breaches		
Current UCR Baseline		
PAUC	None	
APUC	None	
Original UCR Baseline		
PAUC	None	
APUC	None	

Unit Cost Reporting (Nunn McCurdy) is not required for Pre-Milestone B programs in accordance with section 2433, title 10, United States Code.

Schedule



Schedule Events				
Events	SAR Baseline Planning RDTE Estimate	Current APB Concept Objective/Threshold	Current Estimate	
Milestone A/Program Initiation	May 2004	May 2004	Nov 2004	May 2004
Final Design and Construction Contract Award	May 2004	May 2004	Nov 2004	May 2004
Lead Ship Award	Dec 2004	Dec 2004	Jul 2005	Dec 2004
Milestone B	Jan 2007	Jan 2007	Jul 2007	Jun 2010 ¹
First Ship Delivery	Jan 2007	Jan 2007	Jul 2007	Sep 2008 ¹ (Ch-1)
Initial Operational Capability	Oct 2007	Oct 2007	Apr 2008	Sep 2013 ¹ (Ch-2)
Milestone C	Dec 2010	Dec 2010	Jun 2011	Mar 2015 ¹ (Ch-3)

¹ APB Breach

Change Explanations

(Ch-1) First Ship Delivery changed from August 2008 to September 2008. Change in Delivery date due to completion of Builders Ship Trials and Acceptance Trials and actual Delivery of ship to the Navy.

(Ch-2) Initial Operational Capability changed from July 2009 to September 2013. Shift in IOC reflects completion of Operational test events for LCS 1 and LCS 2.

(Ch-3) Milestone C date changed from June 2011 to March 2015. Change in date reflects completion of testing strategy for Seaframe and associated Mission Packages.

Acronyms and Abbreviations

IOC - Initial Operational Capability

Performance

Performance Characteristics				
SAR Baseline Planning RDTE Estimate	Current APB Concept Objective/Threshold		Demonstrated Performance	Current Estimate
Sprint Speed (kts)				
50	50	40	TBD	40 kts
Navigational Draft (ft)				
10	10	20	TBD	14ft
Range at Transit Speed (includes payload)				
4,300 nm @ 20 kt s	4,300 nm @ 20 kts	3,500 nm @ 18 kts	TBD	4000 nm @ 14 kts
Mission Package Payload (Weight)				
210 MT (130 MT) mission package/80 MT mission package fuel)	210 MT (130 MT) mission package/80 MT mission package fuel)	180 MT (105 MT mission package/75 MT mission package fuel)	TBD	180 MT (105 MT) mission package/75 MT mission package fuel)
Interoperability Informatin Exchange Requirements (IER)				
Achieve 100% of top-level IERs	Achieve 100% of top-level IERs	Achieve 100% of critical top-level IERs	TBD	Achieve 100% of top-level IERs designated as critical
Core Crew Manning (# Core Crew Members)				
15	15	50	40 Core Crew Members	40 Core Crew Members
Focused Mission Execution				
Demonstrate separate DTE scenarios in MIW, SUW and ASW to confirm successful integration of each focused mission package (weapon s and sensor systems) to the sea frame	Demonstrate separate DTE scenarios in MIW, SUW and ASW to confirm successful integration of each focused mission package (weapons and sensor systems) to the seaframe	Demonstrate separate DTE scenarios in MIW, SUW and ASW to confirm successful integration of each focused mission package (weapons and sensor systems) to the seaframe	TBD	Demonstrate separate DTE scenarios in MIW, SUW and ASW to confirm successful integration of each focused mission package (weapons and sensor systems) to the seaframe

Change Explanations

None

Acronyms and Abbreviations

ASW - Anti-Submarine Warfare

DTE - Detect to Engage

FT - Feet

KPP - Key Performance Parameter

KTS - Knots

MIW - Mine Warfare

MT - Metric Tons

NM - Nautical Miles

SUW - Surface Warfare

Track to Budget

RDT&E

Appn	BA	PE
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Navy 1319 04 0603581N

Project	Name
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3096	Littoral Combat Ship/Littoral Combat Ship Development
3129	Littoral Combat Ship/LCS Mission Package Development
4018	Littoral Combat Ship/Littoral Combat Ship Construction
10C119	Littoral Combat Ship/Revised Acquisition Strategy

Notes: Congressional Add

Cost and Funding

Cost Summary

Total Acquisition Cost							
Appropriation	BY 2004 \$M			BY 2004 \$M	TY \$M		
	SAR Baseline Planning Estimate	Current APB Concept Objective/Threshold		Current Estimate	SAR Baseline Planning Estimate	Current APB Concept Objective	Current Estimate
RDT&E	1172.7	1172.7	1290.0	3349.4 ¹	1211.7	1211.7	3732.5
Procurement	0.0	--	--	0.0	0.0	--	0.0
Flyaway	--	--	--	0.0	--	--	0.0
Recurring	--	--	--	0.0	--	--	0.0
Non Recurring	--	--	--	0.0	--	--	0.0
Support	--	--	--	0.0	--	--	0.0
Other Support	--	--	--	0.0	--	--	0.0
Initial Spares	--	--	--	0.0	--	--	0.0
MILCON	0.0	--	--	0.0	0.0	--	0.0
Acq O&M	0.0	--	--	0.0	0.0	--	0.0
Total	1172.7	1172.7	1290.0	3349.4	1211.7	1211.7	3732.5

¹ APB Breach

Cost Notes

This SAR is for Flight 0 RDT&E only in accordance with Section 2432, Title 10, U.S. Code.

Total Quantity			
Quantity	SAR Baseline Planning Estimate	Current APB Concept	Current Estimate
RDT&E		2	2
Procurement		0	0
Total		2	2

Cost and Funding

Funding Summary

Appropriation Summary									
FY 2011 President's Budget / December 2009 SAR (TY\$ M)									
Appropriation	Prior	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	To Complete	Total
RDT&E	2624.2	418.8	226.3	183.4	110.3	82.2	87.3	0.0	3732.5
Procurement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2011 Total	2624.2	418.8	226.3	183.4	110.3	82.2	87.3	0.0	3732.5
PB 2009 Total	2534.3	219.8	58.0	36.5	0.0	0.0	0.0	0.0	2848.6
Delta	89.9	199.0	168.3	146.9	110.3	82.2	87.3	0.0	883.9

Quantity Summary										
FY 2011 President's Budget / December 2009 SAR (TY\$ M)										
Quantity	Undistributed	Prior	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	To Complete	Total
Development	2	0	0	0	0	0	0	0	0	2
Production	0	0	0	0	0	0	0	0	0	0
PB 2011 Total	2	0	0	0	0	0	0	0	0	2
PB 2009 Total	0	2	0	0	0	0	0	0	0	2
Delta	2	-2	0	0	0	0	0	0	0	0

Cost and Funding

Annual Funding By Appropriation

Annual Funding							
1319 RDT&E Research, Development, Test, and Evaluation, Navy							
Fiscal Year	Quantity	TY \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
2003	--	--	--	--	--	--	35.3
2004	--	--	--	--	--	--	160.1
2005	--	--	--	--	--	--	450.8
2006	--	--	--	--	--	--	578.0
2007	--	--	--	--	--	--	740.3
2008	--	--	--	--	--	--	299.0
2009	--	--	--	--	--	--	360.7
2010	--	--	--	--	--	--	418.8
2011	--	--	--	--	--	--	226.3
2012	--	--	--	--	--	--	183.4
2013	--	--	--	--	--	--	110.3
2014	--	--	--	--	--	--	82.2
2015	--	--	--	--	--	--	87.3
Subtotal	2	--	--	--	--	--	3732.5

Annual Funding 1319 RDT&E Research, Development, Test, and Evaluation, Navy							
Fiscal Year	Quantity	BY 2004 \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
2003	--	--	--	--	--	--	35.6
2004	--	--	--	--	--	--	156.9
2005	--	--	--	--	--	--	430.5
2006	--	--	--	--	--	--	535.3
2007	--	--	--	--	--	--	669.3
2008	--	--	--	--	--	--	265.5
2009	--	--	--	--	--	--	316.5
2010	--	--	--	--	--	--	363.6
2011	--	--	--	--	--	--	193.7
2012	--	--	--	--	--	--	154.4
2013	--	--	--	--	--	--	91.3
2014	--	--	--	--	--	--	66.9
2015	--	--	--	--	--	--	69.9
Subtotal	2	--	--	--	--	--	3349.4

Low Rate Initial Production

Item	Initial LRIP Decision	Current Total LRIP
Approval Date		
Approved Quantity		
Reference	N/A	N/A
Start Year		
End Year		

A Low Rate Initial Production (LRIP) decision has not been made for this program.

Foreign Military Sales

None

Nuclear Costs

None

Unit Cost

Unit Cost Report

Unit Cost Reporting (Nunn McCurdy) is not required for Pre-Milestone B programs in accordance with section 2433, title 10, United States Code.

Unit Cost History

Unit Cost Reporting (Nunn McCurdy) is not required for Pre-Milestone B programs in accordance with section 2433, title 10, United States Code.

SAR Baseline History				
Item	SAR Planning Estimate	SAR Development Estimate	SAR Production Estimate	Current Estimate
Milestone A	May 2004	N/A	N/A	May 2004
Milestone B	Jan 2007	N/A	N/A	Jun 2010
Milestone C	Dec 2010	N/A	N/A	Mar 2015
IOC	Oct 2007	N/A	N/A	Sep 2013
Total Cost (TY \$M)	1211.7	N/A	N/A	3732.5
Total Quantity	2	N/A	N/A	2
PAUC	605.850	N/A	N/A	1866.250

Cost Variance

Summary TY \$M				
Item	RDT&E	Procurement	MILCON	Total
SAR Baseline (PlanningRDTE Estimate)	1211.7	--	--	1211.7
Previous Changes				
Economic	+39.9	--	--	+39.9
Quantity	--	--	--	--
Schedule	+147.4	--	--	+147.4
Engineering	+116.7	--	--	+116.7
Estimating	+1332.9	--	--	+1332.9
Other	--	--	--	--
Support	--	--	--	--
Subtotal	+1636.9	--	--	+1636.9
Current Changes				
Economic	-5.9	--	--	-5.9
Quantity	--	--	--	--
Schedule	+44.8	--	--	+44.8
Engineering	+77.8	--	--	+77.8
Estimating	+767.2	--	--	+767.2
Other	--	--	--	--
Support	--	--	--	--
Subtotal	+883.9	--	--	+883.9
Total Changes	+2520.8	--	--	+2520.8
Current Estimate	3732.5	--	--	3732.5

Summary BY 2004 \$M				
Item	RDT&E	Procurement	MILCON	Total
SAR Baseline (PlanningRDTE Estimate)	1172.7	--	--	1172.7
Previous Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	+127.5	--	--	+127.5
Engineering	+102.8	--	--	+102.8
Estimating	+1192.2	--	--	+1192.2
Other	--	--	--	--
Support	--	--	--	--
Subtotal	+1422.5	--	--	+1422.5
Current Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	+37.8	--	--	+37.8
Engineering	+66.3	--	--	+66.3
Estimating	+650.1	--	--	+650.1
Other	--	--	--	--
Support	--	--	--	--
Subtotal	+754.2	--	--	+754.2
Total Changes	+2176.7	--	--	+2176.7
Current Estimate	3349.4	--	--	3349.4

Previous Estimate: December 2007

RDT&E Current Change Explanations	\$M	
	Base Year	Then Year
Revised escalation rates. (Economic)	N/A	-5.9
Adjustment for Flight 0 schedule change and re-phasing of work with increased effort (Schedule)	+66.9	+77.5
Revised estimate for planning and execution due to Flight 0 schedule change (Schedule)	-29.1	-32.7
Adjustment for current and prior year escalation. (Estimating)	+3.1	+3.8
Increased scope associated with revision to Mission Module development and phasing strategy (Engineering)	+66.3	+77.8
Revised estimates for Congressional small business innovative research (SBIR) (Estimating)	-9.0	-10.2
Increased estimate for program development, planning and execution of the revised Flight 0/0+ Acquisition Strategy (Estimating)	+131.5	+157.2
Revised estimate for Seaframe pricing due to cost growth (Estimating)	+118.1	+131.5
Additional out year funding associated with the continued development and support of the approved acquisition strategy for the procurement of additional mission packages (Estimating)	+151.6	+183.6
Additional scope for development and support of Seaframe testing and crew training program (Estimating)	+65.4	+75.5
Additional funding provided by Congress to develop a technical data package in support of the revised LCS Acquisition Strategy (Estimating)	+51.9	+59.8
Increased scope for development and support of the Mission Package test program (Estimating)	+137.5	+166.0
RDT&E Subtotal	+754.2	+883.9

Contracts

General Notes

LCS 1, USS FREEDOM delivered to the Navy on September 18, 2008 and Commissioned on November 8, 2008.
LCS 2, USS INDEPENDENCE delivered to the Navy on December 18, 2009 and Commissioned on January 16, 2010.

These contracts are more than 90% complete and will no longer be reported.

Contract Identification

Appropriation: RDT&E
Contract Name: LCS Detail Design and Construction
Contractor: General Dynamics
Contractor Location: Bath, ME 04530
Contract Number: N00024-03-C-2310/8
Contract Type: Cost Plus Award Fee (CPAF)
Award Date: October 14, 2005
Definitization Date: October 14, 2005

Contract Price							
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
223.2	N/A	1	233.0	N/A	1	622.7	589.5

Contract Variance		
Item	Cost Variance	Schedule Variance
Cumulative Variances To Date (12/27/2009)	-112.4	-14.9
Previous Cumulative Variances	-56.0	-28.2
Net Change	-56.4	+13.3

Cost and Schedule Variance Explanations**General Contract Variance Explanation**

NOTE: CONTRACT COST AND PERFORMANCE DATA CONTAINED IN THIS SECTION IS CONSIDERED BUSINESS SENSITIVE, COMPANY, PROPRIETARY, AND FOR OFFICIAL USE ONLY.

The second Over Target Baseline/Over Target Schedule (OTB/OTS) requested in February 2008 was approved by the Navy in July 2008.

Net Cost Variance is attributable to unplanned increases in rework and underestimated/unscheduled work tasks associated with propulsion plant activation efforts, signal testing and system activation. Additional variance is attributable to conduct and completion of Builders trials.

Favorable Net Schedule Variance is attributable to implementation of the OTB and OTS as the focus on LCS 2 shifted from construction to testing and delivery of the ship in December 2009.

Notes

NOTE: CONTRACT COST AND PERFORMANCE DATA CONTAINED IN THIS SECTION IS CONSIDERED BUSINESS SENSITIVE, COMPANY PROPRIETARY, AND FOR OFFICIAL USE ONLY.

Changes to Contract Target Price are due to scope adjustments for Naval Vessel Rules (NVR), Mission System Ship Integration Team (MSSIT), and the finalization of the Build Specification.

LCS 2, USS INDEPENDENCE was delivered to the Navy on December 18, 2009 and Commissioned on January 16, 2010. This contract is more than 90% complete and will no longer be reported.

Program Managers and Contractors Estimate as shown are price to government which accounts for award fee. The Contractors EAC is \$619.1M as of month end Dec 2009 CPR.

The second Over Target Baseline/Over Target Schedule (OTB/OTS) requested in February 2008 was approved by the Navy in July 2008.

Contract Identification

Appropriation: RDT&E
Contract Name: LCS Detail Design and Construction
Contractor: Lockheed Martin
Contractor Location: Moorestown, NJ 08057
Contract Number: N00024-03-C-2311/7
Contract Type: Cost Plus Award Fee (CPAF)
Award Date: December 15, 2004
Definitization Date: December 15, 2004

Contract Price							
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
188.2	N/A	1	228.6	N/A	1	520.1	521.0

Contract Variance		
Item	Cost Variance	Schedule Variance
Cumulative Variances To Date (1/25/2009)	-21.2	-0.8
Previous Cumulative Variances	-0.9	-3.0
Net Change	-20.3	+2.2

Cost and Schedule Variance Explanations**General Contract Variance Explanation**

NOTE: CONTRACT COST AND PERFORMANCE DATA CONTAINED IN THIS SECTION IS CONSIDERED BUSINESS SENSITIVE, COMPANY PROPRIETARY, AND FOR OFFICIAL USE ONLY.

Unfavorable Net Cost Variance was attributable to the completion of various requirements as driven by the accelerated trials schedule, and the delivery of the ship.

Unfavorable Net Schedule Variance is attributable to labor costs incurred in excess of the EAC in order to complete trial card and other required corrections prior to departure and on an accelerated schedule utilizing overtime and labor as needed to achieve schedule.

Notes

NOTE: CONTRACT COST AND PERFORMANCE DATA CONTAINED IN THIS SECTION IS CONSIDERED BUSINESS SENSITIVE, COMPANY PROPRIETARY, AND FOR OFFICIAL USE ONLY.

Changes to Contract Target Price are due to scope adjustments for Naval Vessel Rules (NVR), Mission System Ship Integration Team (MSSIT), and the finalization of the Build Specification.

LCS 1, USS FREEDOM delivered to the Navy on September 18, 2008 and was Commissioned on November 8, 2008. This contract is more than 90% complete and will no longer be reported.

Program Managers and Contractors Estimate and as shown are price to government which accounts for award fee; before contractor investment.

Contractor Most Likely EAC is \$542.0M as of month end Jan 2009 CPR, before subtracting \$33M investment, which accounts for delivery and commissioning of LCS 1.

Deliveries and Expenditures

Deliveries				
Delivered to Date	Planned to Date	Actual to Date	Total Quantity	Percent Delivered
Development	2	2	2	100.00%
Production	0	0	0	--
Total Program Quantity Delivered	2	2	2	100.00%

Expended and Appropriated (TY \$M)			
Total Acquisition Cost	3732.5	Years Appropriated	8
Expended to Date	2534.7	Percent Years Appropriated	61.54%
Percent Expended	67.91%	Appropriated to Date	3043.0
Total Funding Years	13	Percent Appropriated	81.53%

Operating and Support Cost

There are no Operating & Support Cost data to display.