



Selected Acquisition Report (SAR)

RCS: DD-A&T(Q&A)823-148



Patriot Advanced Capability-3 (PAC-3)

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

Patriot Advanced Capability - 3 (PAC-3) (Patriot PAC-3)

DoD Component

Army

Joint Participants

Missile Defense Agency

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References

SAR Baseline (Production Estimate)

Defense Acquisition Executive (DAE) Approved Acquisition Program Baseline (APB) dated December 2, 2002

Approved APB

Defense Acquisition Executive (DAE) Approved Acquisition Program Baseline (APB) dated March 3, 2006

Mission and Description

PATRIOT, the centerpiece of the Army's air defense forces, is an extremely capable high-to-low altitude air defense missile system, which provides air defense of ground combat forces and high-value assets. PATRIOT is designed to cope with enemy defense suppression tactics that may include Tactical Ballistic Missiles (TBM), cruise missiles, anti-radiation missiles, and advanced aircraft employing saturation, maneuver, sophisticated Electronic Countermeasures (ECM), and low radar cross-section. PATRIOT air defenses will be complemented by short-range, low altitude forward area defense weapons and will be integrated with other ground and air assets in the overall air defense of the theater of operations. The system can conduct multiple simultaneous engagements of high performance Air Breathing Threats (ABTs) and TBMs with a high probability of target kill. The system will provide air defense protection in all weather conditions and in hostile ECM environments. At the battery level or Fire Unit (FU) level, the PATRIOT missile system consists of an Engagement Control Station (ECS), one Radar Set (RS), an Electric Power Plant (EPP), and up to eight Launching Stations (LS). At the battalion level, command and control is exercised through the Information and Coordination Central (ICC) and associated communications equipment including Communications Relay Group (CRG). The PATRIOT RS is a multi-function phased array radar, which performs a variety of surveillance, acquisition, and guidance tasks. The only manned element of the FU during air battle, the ECS, provides the human interface for control of automated operations. At both the FU and battalion level are dedicated support, communications, and maintenance vehicles.

The PATRIOT system, in concert with the PATRIOT Advanced Capability-3 (PAC-3) missile, has been upgraded through a series of integrated, phased system improvements. The PAC-3 missile is a high velocity hit-to-kill, surface-to-air missile capable of intercepting and destroying TBMs and ABTs. The PAC-3 missile provides the range, accuracy, and lethality to effectively defend against TBMs with conventional high explosive, chemical, and nuclear warheads. The PAC-3 missile's leading edge technology uses kinetic energy to destroy targets through its hit-to-kill capability, in lieu of a proximity-fuzed warhead. The missile uses a solid propellant rocket motor, aerodynamic controls, Attitude Control Motors (ACMs), and inertial guidance to navigate. The missile flies to an intercept point specified prior to launch by its ground based fire solution computer embedded in the ECS. Target trajectory is updated during missile flyout through means of a radio frequency uplink/downlink. Shortly before arrival at the intercept point, the PAC-3 missile's on-board Ka-Band seeker acquires the target and selects optimal aimpoint initiating terminal homing guidance. The missile ACMs, which are short-duration, solid propellant rocket motors located in the missile forebody forward of the missile center of gravity, fire explosively to increase the missile's rate of spin and to enable the high resolution maneuvers characteristic of the PAC-3 missile. The combination of a fast missile airframe response and high impulse side thrusters generates a more rapid missile angle of attack than is possible with actuator-driven aerodynamic control surfaces alone.

The PATRIOT PAC-3 system is deployed worldwide in defense of U.S. forces and allied forces. The PAC-3 missile has been approved for sale to The Netherlands, Japan, Germany, the United Arab Emirates, and Taiwan.

Executive Summary

PAC-3 Missile Flight Test: A PAC-3 flight test was successfully conducted on December 11, 2009, consisting of two PAC-3 Cost Reduction Initiative (CRI) missiles in a tactical ripple-fire engagement of the intended target, a PATRIOT-as-a-Target performing a ballistic trajectory. The missile test flight consisted of a series of planned maneuvers to validate actual versus predicted performance. The primary objectives were met and the test demonstrated the PAC-3 CRI missile's capability to search, detect, track, engage, and kill an aerodynamic Tactical Ballistic Missile using a ripple method of fire engagement.

PATRIOT Foreign Military Sales (FMS): On November 20, 2008, the United Arab Emirates (UAE) signed a Letter of Offer and Acceptance for ten PATRIOT systems, material, and services. The agreement is valued at approximately \$6.5B and will provide the UAE an operational capability in 2012. Under this agreement, an initial contract not-to-exceed value of \$3.3B was awarded to Raytheon Company on December 17, 2008, to provide fire units, guidance enhancement missiles, associated ground support equipment, repair and return services, system software, field surveillance, and documentation. The first buy of PAC-3 missiles for the UAE was awarded as part of the FY 2009 contract to Lockheed Martin.

FY 2009 PAC-3 Missile Production Contract Award: The FY 2009 PAC-3 Missile Production contract was awarded on December 23, 2008, to Lockheed Martin Missiles and Fire Control, Dallas, TX, for \$774.8M, which includes production of 172 PAC-3 missiles (108 U.S. and 64 FMS), launcher modification kits, spares, and other equipment.

FY 2010 PAC-3 Missile Production Contract Award: The FY 2010 PAC-3 Missile Production contract was awarded on December 30, 2009, to Lockheed Martin Missiles and Fire Control, Dallas, TX, for \$968.7M, which includes U.S. and FMS requirements for the UAE, Taiwan, and Germany. The contract was awarded for production of 253 PAC-3 missiles, launcher modification kits, concurrent spares, and other equipment. This contract award includes the second sale of the PAC-3 missile to the UAE, the first sale of the PAC-3 missile to Taiwan, and spare parts for Germany.

Acquisition Program Baseline (APB) Cost Breach: The program's current estimate for procurement cost based upon the FY 2011 President's Budget exceeds the approved APB threshold due to additional planned missile production. The PATRIOT PAC-3 production program was scheduled to complete in FY 2009 but will be extended through at least FY 2011. Development challenges with the PAC-3 Missile Segment Enhancement (MSE) have delayed initial production until at least FY 2012. The MSE product is a Subprogram within the PATRIOT/MEADS Combined Aggregate Program (CAP). Extending PAC-3 production supports warfighter requirements. The program quantity increase is 137 missiles (59 in FY 2010 and 78 in FY 2011). The Project Manager, Lower Tier Project Office, submitted a Program Deviation Report in February 2010 to provide notification of the APB cost breach.

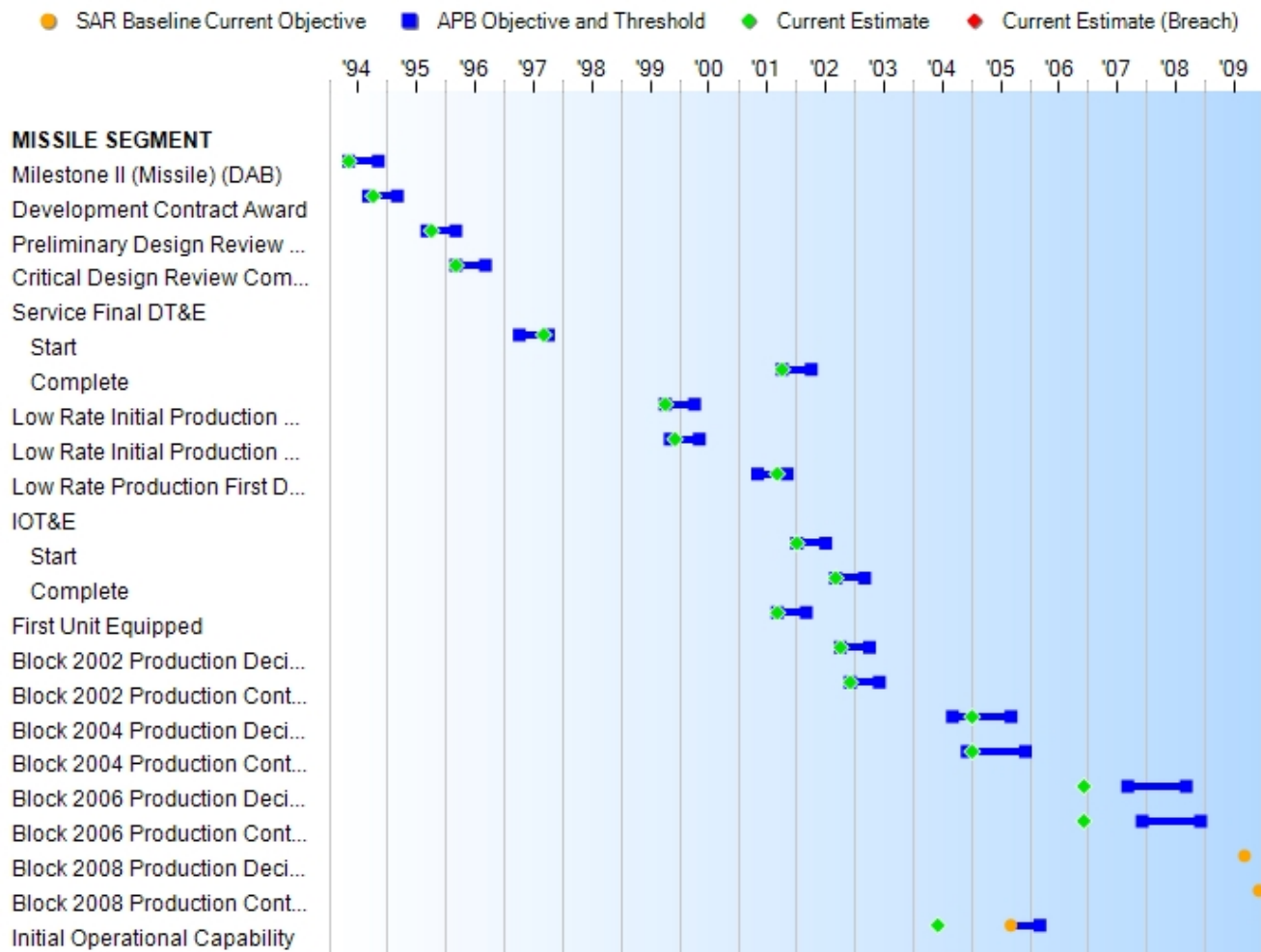
There are no significant software related issues with this program at this time.

Threshold Breaches

| APB Breaches | | Explanation of Breach | |
|---------------------|--------------------------|---|-------------------------------------|
| Schedule | <input type="checkbox"/> | The FY 2011 President's Budget extends PATRIOT PAC-3 missile production and exceeds the approved Acquisition Program Baseline (APB) procurement cost threshold. The current estimate includes additional missile production in FYs 2010 and 2011. The Project Manager, Lower Tier Project Office, submitted a Program Deviation Report in February 2010 to provide notification of the APB cost breach. Challenges with PATRIOT PAC-3 Missile Segment Enhancement (MSE) development delayed production until at least FY 2012. The MSE represents a Subprogram within the PATRIOT/MEADS Combined Aggregate Program (CAP). | |
| Performance | <input type="checkbox"/> | | |
| Cost | RDT&E | | <input type="checkbox"/> |
| | Procurement | | <input checked="" type="checkbox"/> |
| | MILCON | | <input type="checkbox"/> |
| | Acq O&M | | <input type="checkbox"/> |
| O&S Cost | <input type="checkbox"/> | | |
| Unit Cost | PAUC | | <input type="checkbox"/> |
| | APUC | | <input type="checkbox"/> |

| Nunn-McCurdy Breaches | |
|------------------------------|------|
| Current UCR Baseline | |
| PAUC | None |
| APUC | None |
| Original UCR Baseline | |
| PAUC | None |
| APUC | None |

Schedule



| Schedule Events | | | | |
|--|----------------------------------|--|----------|------------------|
| Events | SAR Baseline Production Estimate | Current APB Production Objective/Threshold | | Current Estimate |
| Milestone II (Missile) (DAB) | May 1994 | May 1994 | Nov 1994 | May 1994 |
| Development Contract Award | Sep 1994 | Sep 1994 | Mar 1995 | Oct 1994 |
| Preliminary Design Review Complete | Sep 1995 | Sep 1995 | Mar 1996 | Oct 1995 |
| Critical Design Review Complete | Mar 1996 | Mar 1996 | Sep 1996 | Mar 1996 |
| Service Final DT&E | | | | |
| Start | Apr 1997 | Apr 1997 | Oct 1997 | Sep 1997 |
| Complete | Oct 2001 | Oct 2001 | Apr 2002 | Oct 2001 |
| Low Rate Initial Production Decision | Oct 1999 | Oct 1999 | Apr 2000 | Oct 1999 |
| Low Rate Initial Production Contract Award | Nov 1999 | Nov 1999 | May 2000 | Dec 1999 |
| Low Rate Production First Delivery | May 2001 | May 2001 | Nov 2001 | Sep 2001 |
| IOT&E | | | | |
| Start | Jan 2002 | Jan 2002 | Jul 2002 | Jan 2002 |
| Complete | Sep 2002 | Sep 2002 | Mar 2003 | Sep 2002 |
| First Unit Equipped | Sep 2001 | Sep 2001 | Mar 2002 | Sep 2001 |
| Block 2002 Production Decision | Oct 2002 | Oct 2002 | Apr 2003 | Oct 2002 |
| Block 2002 Production Contract Award | Dec 2002 | Dec 2002 | Jun 2003 | Dec 2002 |
| Block 2004 Production Decision | Sep 2004 | Sep 2004 | Sep 2005 | Jan 2005 |
| Block 2004 Production Contract Award | Dec 2004 | Dec 2004 | Dec 2005 | Jan 2005 |
| Block 2006 Production Decision | Sep 2007 | Sep 2007 | Sep 2008 | Dec 2006 |
| Block 2006 Production Contract Award | Dec 2007 | Dec 2007 | Dec 2008 | Dec 2006 |
| Block 2008 Production Decision | Sep 2009 | N/A | N/A | N/A |
| Block 2008 Production Contract Award | Dec 2009 | N/A | N/A | N/A |
| Initial Operational Capability | Sep 2005 | Sep 2005 | Mar 2006 | Jun 2004 |

Change Explanations

None

Notes

Initial Operational Capability for the PAC-3 missile is considered achieved when a PATRIOT battalion, consisting of five Fire Units (FU), is equipped with 32 PAC-3 missiles per FU.

All PAC-3 milestones are complete.

Acronyms and Abbreviations

DAB - Defense Acquisition Board

DT&E - Development Test and Evaluation

IOT&E - Initial Operational Test and Evaluation

Performance

| Performance Characteristics | | | | |
|--|---|--|--|---|
| SAR Baseline Production Estimate | Current APB Production Objective/Threshold | | Demonstrated Performance | Current Estimate |
| Fire Unit Mean Time Between Failure (hrs) | | | | |
| N/A | 60 | 40 | 60 | 60 |
| Joint Interoperability | | | | |
| N/A | Battery and Bn should be capable of integrating into a joint composite tracking network | Tactical Data Link TADIL-J shall be primary protocol for receiving, processing, and transmitting jointly approved tactical AMD specific messages | Demonstrated via HWIL, ASCIET/JCIET and Roving Sands | Battery and Bn should be capable of integrating into a joint composite tracking network |

Classified Performance information is provided in the classified annex to this submission.

Requirements Reference

Operational Capability Document (OCD) dated August 22, 2003

Change Explanations

None

Track to Budget

RDT&E

| Appn | BA | PE | |
|--------------|----------------|--|----------|
| Army | 2040 | 07 | 0203801A |
| | Project | Name | |
| | 036 | Missile/Air Defense Product Improvement Program/PATRIOT Product Improvement Program (Shared) | |
| Defense-Wide | 0400 | 03 | 0603216C |
| | Project | Name | |
| | 2207 | Theater and ATBM Defenses (Sunk)/Multimode Missile Program | |
| | 2208 | Theater and ATBM Defenses (Sunk)/ERINT-1 | |
| Defense-Wide | 0400 | 05 | 0604225C |
| | Project | Name | |
| | 2207 | TMD EMD (Sunk)/PAC-3 Missile (EMD) | |
| Army | 2040 | 05 | 0604865A |
| | Project | Name | |
| | 01C | PATRIOT PAC-3 Theater Missile Defense Acq-EMD/PATRIOT Advanced Capability (PAC) - 3 (Sunk) | |
| Defense-Wide | 0400 | 05 | 0604865C |
| | Project | Name | |
| | 2014 | PAC-3 EMD (Sunk)/PATRIOT | |
| | 2207 | PAC-3 EMD (Sunk)/PATRIOT | |
| | 2257 | PAC-3 EMD (Sunk)/PATRIOT | |
| Defense-Wide | 0400 | 05 | 0604866C |
| | Project | Name | |
| | 2257 | PAC-3 Risk Mitigation (Sunk)/Risk Reduction and Mitigation | |

Procurement

| Appn | BA | PE | |
|--------------|------------------|----------------------------------|--|
| Defense-Wide | 0300 | 02 | |
| | Line Item | Name | |
| | 0208060C | PAC-3 Procurement (Sunk) | |
| Defense-Wide | 0300 | 01 | |
| | Line Item | Name | |
| | 0208865C | PAC-3 Missile Procurement (Sunk) | |
| Army | 2032 | 02 | |
| | Line Item | Name | |
| | C49200 | PATRIOT PAC-3 (Shared) | |

Army 2032 03

| Line Item | Name |
|-----------|------|
|-----------|------|

C50700 PATRIOT Mods (Shared)

Army 2032 04

| Line Item | Name |
|-----------|------|
|-----------|------|

CA0267 PATRIOT Modification Initial Spares (Shared)

Notes

Funding lines C50700 and CA0267 have not been tracked against this program since the December 2004 annual SAR.

Cost and Funding

Cost Summary

| Total Acquisition Cost | | | | | | | |
|------------------------|--|--|--------|---------------------|--|--|---------------------|
| Appropriation | BY 2002 \$M | | | BY 2002 \$M | TY \$M | | |
| | SAR Baseline Production Estimate | Current APB Production Objective/Threshold | | Current Estimate | SAR Baseline Production Estimate | Current APB Production Objective | Current Estimate |
| RDT&E | 3578.2 | 3481.8 | 3830.0 | 3436.4 | 3302.1 | 3224.6 | 3176.2 |
| Procurement | 5505.8 | 5007.2 | 5507.9 | 5620.4 ¹ | 5903.7 | 5267.4 | 6149.9 |
| Flyaway | -- | -- | -- | 5620.4 | -- | -- | 6149.9 |
| Recurring | -- | -- | -- | 5167.9 | -- | -- | 5697.2 |
| Non Recurring | -- | -- | -- | 452.5 | -- | -- | 452.7 |
| 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 | 0.0 | 0.0 |
| Acq O&M | 0.0 | 0.0 | -- | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 9084.0 | 8489.0 | N/A | 9056.8 | 9205.8 | 8492.0 | 9326.1 |

¹ APB Breach

| Total Quantity | | | |
|----------------|--|---------------------------|------------------|
| Quantity | SAR Baseline Production Estimate | Current APB Production | Current Estimate |
| RDT&E | | 0 | 0 |
| Procurement | | 1159 | 961 |
| Total | | 1159 | 961 |

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 | 3176.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3176.2 |
| Procurement | 5326.2 | 341.3 | 480.2 | 2.2 | 0.0 | 0.0 | 0.0 | 0.0 | 6149.9 |
| 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 | 8502.4 | 341.3 | 480.2 | 2.2 | 0.0 | 0.0 | 0.0 | 0.0 | 9326.1 |
| PB 2009 Total | 8503.9 | 21.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 8524.9 |
| Delta | -1.5 | 320.3 | 480.2 | 2.2 | 0.0 | 0.0 | 0.0 | 0.0 | 801.2 |

Funding Notes

Funding reported in the December 2009 SAR is associated only with the PAC-3 Missile Subprogram.

Funding for additional PAC-3 missile quantities in FY 2010 and FY 2011 was transferred from the PATRIOT/MEADS Combined Aggregate Program (CAP) Missile Subprogram procurement funding line in the respective years.

| 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 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Production | 0 | 969 | 59 | 78 | 0 | 0 | 0 | 0 | 0 | 1106 |
| PB 2011 Total | 0 | 969 | 59 | 78 | 0 | 0 | 0 | 0 | 0 | 1106 |
| PB 2009 Total | 0 | 969 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 969 |
| Delta | 0 | 0 | 59 | 78 | 0 | 0 | 0 | 0 | 0 | 137 |

Cost and Funding

Annual Funding By Appropriation

| Annual Funding | | | | | | | | |
|--|----------|----------------------------|--------------------------------|-----------------------|---------------|---------------|----|---------------|
| 2040 RDT&E Research, Development, Test, and Evaluation, Army | | | | | | | | |
| Fiscal Year | Quantity | TY \$M | | | | | | Total Program |
| | | End Item Recurring Flyaway | Non End Item Recurring Flyaway | Non Recurring Flyaway | Total Flyaway | Total Support | | |
| 2004 | -- | -- | -- | -- | -- | -- | -- | 151.3 |
| 2005 | -- | -- | -- | -- | -- | -- | -- | 60.4 |
| Subtotal | -- | -- | -- | -- | -- | -- | -- | 211.7 |

| Annual Funding 2040 RDT&E Research, Development, Test, and Evaluation, Army | | | | | | | |
|--|----------|----------------------------|--------------------------------|-----------------------|---------------|---------------|---------------|
| Fiscal Year | Quantity | BY 2002 \$M | | | | | |
| | | End Item Recurring Flyaway | Non End Item Recurring Flyaway | Non Recurring Flyaway | Total Flyaway | Total Support | Total Program |
| 2004 | -- | -- | -- | -- | -- | -- | 147.8 |
| 2005 | -- | -- | -- | -- | -- | -- | 57.4 |
| Subtotal | -- | -- | -- | -- | -- | -- | 205.2 |

| Annual Funding | | | | | | | |
|--|----------|----------------------------|--------------------------------|-----------------------|---------------|---------------|---------------|
| 0400 RDT&E Research, Development, Test, and Evaluation, Defense-Wide | | | | | | | |
| Fiscal Year | Quantity | TY \$M | | | | | |
| | | End Item Recurring Flyaway | Non End Item Recurring Flyaway | Non Recurring Flyaway | Total Flyaway | Total Support | Total Program |
| 1983 | -- | -- | -- | -- | -- | -- | 33.3 |
| 1984 | -- | -- | -- | -- | -- | -- | 24.1 |
| 1985 | -- | -- | -- | -- | -- | -- | 20.4 |
| 1986 | -- | -- | -- | -- | -- | -- | 15.1 |
| 1987 | -- | -- | -- | -- | -- | -- | 30.2 |
| 1988 | -- | -- | -- | -- | -- | -- | 18.0 |
| 1989 | -- | -- | -- | -- | -- | -- | 65.2 |
| 1990 | -- | -- | -- | -- | -- | -- | 38.3 |
| 1991 | -- | -- | -- | -- | -- | -- | 127.5 |
| 1992 | -- | -- | -- | -- | -- | -- | 239.0 |
| 1993 | -- | -- | -- | -- | -- | -- | 200.2 |
| 1994 | -- | -- | -- | -- | -- | -- | 194.1 |
| 1995 | -- | -- | -- | -- | -- | -- | 276.1 |
| 1996 | -- | -- | -- | -- | -- | -- | 311.6 |
| 1997 | -- | -- | -- | -- | -- | -- | 328.1 |
| 1998 | -- | -- | -- | -- | -- | -- | 234.1 |
| 1999 | -- | -- | -- | -- | -- | -- | 237.3 |
| 2000 | -- | -- | -- | -- | -- | -- | 220.7 |
| 2001 | -- | -- | -- | -- | -- | -- | 81.9 |
| 2002 | -- | -- | -- | -- | -- | -- | 130.4 |
| 2003 | -- | -- | -- | -- | -- | -- | 138.9 |
| Subtotal | -- | -- | -- | -- | -- | -- | 2964.5 |

| Annual Funding | | | | | | | |
|--|----------|----------------------------|--------------------------------|-----------------------|---------------|---------------|---------------|
| 0400 RDT&E Research, Development, Test, and Evaluation, Defense-Wide | | | | | | | |
| Fiscal Year | Quantity | BY 2002 \$M | | | | | |
| | | End Item Recurring Flyaway | Non End Item Recurring Flyaway | Non Recurring Flyaway | Total Flyaway | Total Support | Total Program |
| 1983 | -- | -- | -- | -- | -- | -- | 51.7 |
| 1984 | -- | -- | -- | -- | -- | -- | 36.0 |
| 1985 | -- | -- | -- | -- | -- | -- | 29.5 |
| 1986 | -- | -- | -- | -- | -- | -- | 21.2 |
| 1987 | -- | -- | -- | -- | -- | -- | 41.3 |
| 1988 | -- | -- | -- | -- | -- | -- | 23.9 |
| 1989 | -- | -- | -- | -- | -- | -- | 83.1 |
| 1990 | -- | -- | -- | -- | -- | -- | 47.0 |
| 1991 | -- | -- | -- | -- | -- | -- | 149.8 |
| 1992 | -- | -- | -- | -- | -- | -- | 273.2 |
| 1993 | -- | -- | -- | -- | -- | -- | 225.3 |
| 1994 | -- | -- | -- | -- | -- | -- | 214.3 |
| 1995 | -- | -- | -- | -- | -- | -- | 299.1 |
| 1996 | -- | -- | -- | -- | -- | -- | 331.6 |
| 1997 | -- | -- | -- | -- | -- | -- | 344.7 |
| 1998 | -- | -- | -- | -- | -- | -- | 244.0 |
| 1999 | -- | -- | -- | -- | -- | -- | 244.6 |
| 2000 | -- | -- | -- | -- | -- | -- | 224.0 |
| 2001 | -- | -- | -- | -- | -- | -- | 82.0 |
| 2002 | -- | -- | -- | -- | -- | -- | 129.3 |
| 2003 | -- | -- | -- | -- | -- | -- | 135.6 |
| Subtotal | -- | -- | -- | -- | -- | -- | 3231.2 |

| Annual Funding 2032 Procurement Missile Procurement, Army | | | | | | | |
|--|----------|----------------------------|--------------------------------|-----------------------|---------------|---------------|---------------|
| Fiscal Year | Quantity | TY \$M | | | | | |
| | | End Item Recurring Flyaway | Non End Item Recurring Flyaway | Non Recurring Flyaway | Total Flyaway | Total Support | Total Program |
| 2004 | 135 | 578.9 | -- | 38.1 | 617.0 | -- | 617.0 |
| 2005 | 108 | 497.0 | -- | -- | 497.0 | -- | 497.0 |
| 2006 | 112 | 475.9 | -- | -- | 475.9 | -- | 475.9 |
| 2007 | 112 | 470.4 | 24.2 | -- | 494.6 | -- | 494.6 |
| 2008 | 108 | 469.7 | -- | -- | 469.7 | -- | 469.7 |
| 2009 | 108 | 494.6 | -- | -- | 494.6 | -- | 494.6 |
| 2010 | 59 | 341.3 | -- | -- | 341.3 | -- | 341.3 |
| 2011 | 78 | 480.2 | -- | -- | 480.2 | -- | 480.2 |
| 2012 | -- | -- | 2.2 | -- | 2.2 | -- | 2.2 |
| Subtotal | 820 | 3808.0 | 26.4 | 38.1 | 3872.5 | -- | 3872.5 |

| Annual Funding 2032 Procurement Missile Procurement, Army | | | | | | | |
|--|----------|----------------------------------|---|-----------------------------|------------------|------------------|------------------|
| Fiscal Year | Quantity | BY 2002 \$M | | | | | |
| | | End Item Recurring Flyaway | Non End Item Recurring Flyaway | Non Recurring Flyaway | Total Flyaway | Total Support | Total Program |
| 2004 | 135 | 536.1 | -- | 35.3 | 571.4 | -- | 571.4 |
| 2005 | 108 | 447.7 | -- | -- | 447.7 | -- | 447.7 |
| 2006 | 112 | 419.5 | -- | -- | 419.5 | -- | 419.5 |
| 2007 | 112 | 406.9 | 20.9 | -- | 427.8 | -- | 427.8 |
| 2008 | 108 | 400.3 | -- | -- | 400.3 | -- | 400.3 |
| 2009 | 108 | 417.3 | -- | -- | 417.3 | -- | 417.3 |
| 2010 | 59 | 284.3 | -- | -- | 284.3 | -- | 284.3 |
| 2011 | 78 | 393.3 | -- | -- | 393.3 | -- | 393.3 |
| 2012 | -- | -- | 1.8 | -- | 1.8 | -- | 1.8 |
| Subtotal | 820 | 3305.4 | 22.7 | 35.3 | 3363.4 | -- | 3363.4 |

| Annual Funding 0300 Procurement Procurement, Defense-Wide | | | | | | | |
|--|----------|----------------------------------|---|-----------------------------|------------------|------------------|------------------|
| Fiscal Year | Quantity | TY \$M | | | | | |
| | | End Item Recurring Flyaway | Non End Item Recurring Flyaway | Non Recurring Flyaway | Total Flyaway | Total Support | Total Program |
| 1997 | -- | -- | -- | 105.1 | 105.1 | -- | 105.1 |
| 1998 | 20 | 183.3 | -- | -- | 183.3 | -- | 183.3 |
| 1999 | -- | -- | -- | 87.8 | 87.8 | -- | 87.8 |
| 2000 | 32 | 306.7 | -- | -- | 306.7 | -- | 306.7 |
| 2001 | 40 | 291.5 | -- | -- | 291.5 | -- | 291.5 |
| 2002 | 72 | 487.5 | -- | 210.1 | 697.6 | -- | 697.6 |
| 2003 | 122 | 593.8 | -- | 11.6 | 605.4 | -- | 605.4 |
| Subtotal | 286 | 1862.8 | -- | 414.6 | 2277.4 | -- | 2277.4 |

| Annual Funding 0300 Procurement Procurement, Defense-Wide | | | | | | | |
|--|----------|----------------------------------|---|-----------------------------|------------------|------------------|------------------|
| Fiscal Year | Quantity | BY 2002 \$M | | | | | |
| | | End Item Recurring Flyaway | Non End Item Recurring Flyaway | Non Recurring Flyaway | Total Flyaway | Total Support | Total Program |
| 1997 | -- | -- | -- | 109.9 | 109.9 | -- | 109.9 |
| 1998 | 20 | 189.8 | -- | -- | 189.8 | -- | 189.8 |
| 1999 | -- | -- | -- | 89.8 | 89.8 | -- | 89.8 |
| 2000 | 32 | 309.2 | -- | -- | 309.2 | -- | 309.2 |
| 2001 | 40 | 290.3 | -- | -- | 290.3 | -- | 290.3 |
| 2002 | 72 | 478.8 | -- | 206.4 | 685.2 | -- | 685.2 |
| 2003 | 122 | 571.7 | -- | 11.1 | 582.8 | -- | 582.8 |
| Subtotal | 286 | 1839.8 | -- | 417.2 | 2257.0 | -- | 2257.0 |

Low Rate Initial Production

| Item | Initial LRIP Decision | Current Total LRIP |
|--------------------------|-----------------------|---|
| Approval Date | 5/19/1994 | 10/20/2001 |
| Approved Quantity | 90 | 164 |
| Reference | Milestone II/IV | USD(AT&L) approved Acquisition Strategy |
| Start Year | 1998 | 1998 |
| End Year | 1999 | 2002 |

The Low Rate Initial Production (LRIP) quantity is 164 PAC-3 missiles as approved by the Under Secretary of Defense (Acquisition, Technology and Logistics) on October 20, 2001. The LRIP missile quantity exceeded 10% of the total planned production quantity because this was the minimum LRIP quantity needed to avoid a production break.

Foreign Military Sales

| Country | Date of Sale | Quantity | Total Cost \$M | Description |
|----------------------|--------------|----------|----------------|---|
| Taiwan | 12/30/2009 | 96 | 355.5 | Twenty-four missile 4-packs, ground support equipment, and spares. |
| United Arab Emirates | 12/30/2009 | 98 | 406.7 | Twenty-four missile 4-packs, 2 test missiles, ground support equipment, and spares. |
| United Arab Emirates | 12/23/2008 | 64 | 302.3 | Sixteen missile 4-packs. |
| Germany | 12/13/2007 | 24 | 79.6 | Six missile 4-packs. |
| Netherlands | 12/13/2007 | 16 | 53.9 | Four missile 4-packs. |
| Germany | 4/6/2007 | 1 | 6.5 | One test missile, telemetry kit, and spares. |
| Japan | 1/27/2005 | 16 | 52.3 | Eight missile 2-packs. |
| Netherlands | 1/27/2005 | 32 | 99.7 | Eight missile 4-packs. |

Notes

The FY 2005 PAC-3 Missile Production contract included requirements for 32 and 16 missiles for The Netherlands and Japan, respectively. Production deliveries were completed in 4QFY07.

The FY 2007 PAC-3 Missile Production contract included a requirement for 1 test missile for Germany.

The FY 2008 PAC-3 Missile Production contract included requirements for 16 and 24 missiles for The Netherlands and Germany, respectively. Production deliveries began in 1QFY10.

The FY 2009 PAC-3 Missile Production contract included requirements for 64 missiles for the United Arab Emirates (UAE). Production deliveries are scheduled to begin in 2QFY11.

The FY 2010 PAC-3 Missile Production contract includes requirements for 98 and 96 missiles for UAE and Taiwan, respectively. Production deliveries are scheduled to begin in 4QFY11 for UAE and in 1QFY12 for Taiwan.

Nuclear Costs

None

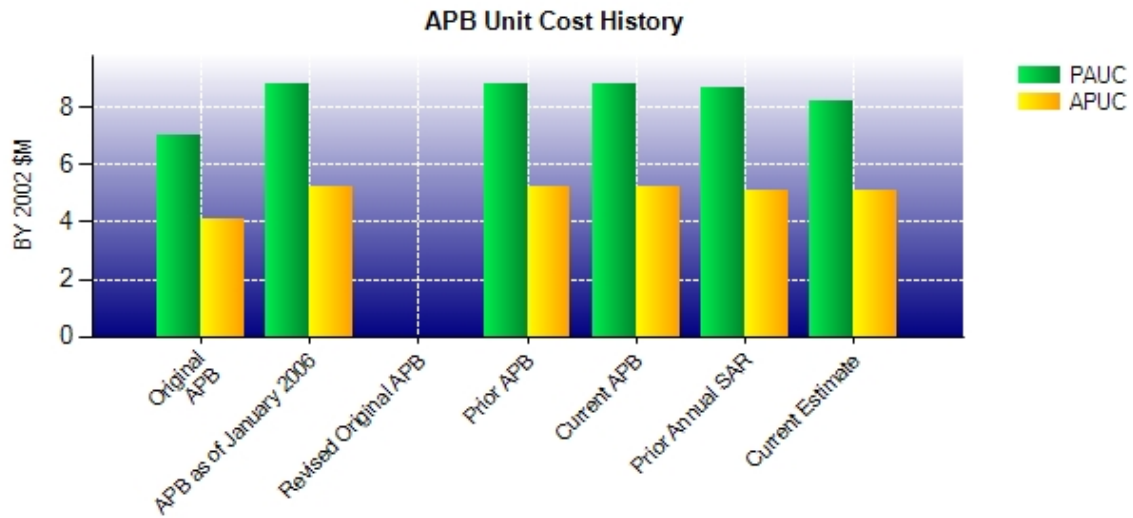
Unit Cost

Unit Cost Report

| Item | BY 2002 \$M | BY 2002 \$M | % Change |
|--------------------------------------|---|------------------------------------|----------|
| | Current UCR Baseline (Mar 2006 APB) | Current Estimate (Dec 2009 SAR) | |
| Program Acquisition Unit Cost | | | |
| Cost | 8489.0 | 9056.8 | |
| Quantity | 961 | 1106 | |
| Unit Cost | 8.834 | 8.189 | -7.30 |
| Average Procurement Unit Cost | | | |
| Cost | 5007.2 | 5620.4 | |
| Quantity | 961 | 1106 | |
| Unit Cost | 5.210 | 5.082 | -2.46 |

| Item | BY 2002 \$M | BY 2002 \$M | % Change |
|--------------------------------------|--|------------------------------------|----------|
| | Original UCR Baseline (Mar 2000 APB) | Current Estimate (Dec 2009 SAR) | |
| Program Acquisition Unit Cost | | | |
| Cost | 7084.0 | 9056.8 | |
| Quantity | 1012 | 1106 | |
| Unit Cost | 7.000 | 8.189 | +16.99 |
| Average Procurement Unit Cost | | | |
| Cost | 4156.4 | 5620.4 | |
| Quantity | 1012 | 1106 | |
| Unit Cost | 4.107 | 5.082 | +23.74 |

Unit Cost History



| Item | Date | BY 2002 \$M | | TY \$M | |
|------------------------|----------|-------------|-------|--------|-------|
| | | PAUC | APUC | PAUC | APUC |
| Original APB | Mar 2000 | 7.002 | 4.107 | 7.086 | 4.465 |
| APB as of January 2006 | Nov 2004 | 8.834 | 5.210 | 8.837 | 5.481 |
| Revised Original APB | N/A | N/A | N/A | N/A | N/A |
| Prior APB | Nov 2004 | 8.834 | 5.210 | 8.837 | 5.481 |
| Current APB | Mar 2006 | 8.834 | 5.210 | 8.837 | 5.481 |
| Prior Annual SAR | Dec 2007 | 8.655 | 5.114 | 8.798 | 5.520 |
| Current Estimate | Dec 2009 | 8.189 | 5.082 | 8.432 | 5.560 |

SAR Unit Cost History

| Initial SAR Baseline to Current SAR Baseline (TY \$M) | | | | | | | | | |
|---|---------|-------|-------|-------|-------|-------|-------|-------|--------------------------|
| Initial PAUC Development Estimate | Changes | | | | | | | | PAUC Production Estimate |
| | Econ | Qty | Sch | Eng | Est | Oth | Spt | Total | |
| 3.530 | -0.166 | 0.867 | 0.480 | 0.421 | 2.811 | 0.000 | 0.000 | 4.413 | 7.943 |

| Current SAR Baseline to Current Estimate (TY \$M) | | | | | | | | | |
|---|---------|-------|-------|-------|--------|-------|-------|-------|-----------------------|
| PAUC Production Estimate | Changes | | | | | | | | PAUC Current Estimate |
| | Econ | Qty | Sch | Eng | Est | Oth | Spt | Total | |
| 7.943 | 0.144 | 0.387 | 0.039 | 0.000 | -0.081 | 0.000 | 0.000 | 0.489 | 8.432 |

| Initial SAR Baseline to Current SAR Baseline (TY \$M) | | | | | | | | | |
|---|---------|-------|-------|-------|-------|-------|-------|-------|--------------------------|
| Initial APUC Development Estimate | Changes | | | | | | | | APUC Production Estimate |
| | Econ | Qty | Sch | Eng | Est | Oth | Spt | Total | |
| 1.880 | -0.184 | 0.943 | 0.244 | 0.166 | 2.045 | 0.000 | 0.000 | 3.214 | 5.094 |

| Current SAR Baseline to Current Estimate (TY \$M) | | | | | | | | | |
|---|---------|-------|-------|-------|-------|-------|-------|-------|-----------------------|
| APUC Production Estimate | Changes | | | | | | | | APUC Current Estimate |
| | Econ | Qty | Sch | Eng | Est | Oth | Spt | Total | |
| 5.094 | 0.142 | 0.250 | 0.039 | 0.000 | 0.035 | 0.000 | 0.000 | 0.466 | 5.560 |

| SAR Baseline History | | | | | |
|----------------------|-----------------------|--------------------------|-------------------------|------------------|--|
| Item | SAR Planning Estimate | SAR Development Estimate | SAR Production Estimate | Current Estimate | |
| Milestone I | N/A | N/A | N/A | N/A | |
| Milestone II | N/A | May 1994 | May 1994 | May 1994 | |
| Milestone III | N/A | Aug 1998 | Oct 2002 | Oct 2002 | |
| IOC | N/A | Nov 1999 | Sep 2005 | Jun 2004 | |
| Total Cost (TY \$M) | N/A | 4236.2 | 9205.8 | 9326.1 | |
| Total Quantity | N/A | 1200 | 1159 | 1106 | |
| PAUC | N/A | 3.530 | 7.943 | 8.432 | |

The PAC-3 Milestone III was redefined as the Block 2002 Production Decision to reflect the evolutionary development acquisition approach approved at the October 31, 2002, Defense Acquisition Board.

Cost Variance

| Summary TY \$M | | | | |
|------------------------------------|--------|-------------|--------|--------|
| Item | RDT&E | Procurement | MILCON | Total |
| SAR Baseline (Production Estimate) | 3302.1 | 5903.7 | -- | 9205.8 |
| Previous Changes | | | | |
| Economic | +7.9 | +162.9 | -- | +170.8 |
| Quantity | -- | -558.9 | -- | -558.9 |
| Schedule | -- | +43.4 | -- | +43.4 |
| Engineering | -- | -- | -- | -- |
| Estimating | -133.8 | -202.4 | -- | -336.2 |
| Other | -- | -- | -- | -- |
| Support | -- | -- | -- | -- |
| Subtotal | -125.9 | -555.0 | -- | -680.9 |
| Current Changes | | | | |
| Economic | -5.6 | -5.4 | -- | -11.0 |
| Quantity | -- | +565.8 | -- | +565.8 |
| Schedule | -- | -- | -- | -- |
| Engineering | -- | -- | -- | -- |
| Estimating | +5.6 | +240.8 | -- | +246.4 |
| Other | -- | -- | -- | -- |
| Support | -- | -- | -- | -- |
| Subtotal | -- | +801.2 | -- | +801.2 |
| Total Changes | -125.9 | +246.2 | -- | +120.3 |
| Current Estimate | 3176.2 | 6149.9 | -- | 9326.1 |

| Summary BY 2002 \$M | | | | |
|------------------------------------|--------|-------------|--------|--------|
| Item | RDT&E | Procurement | MILCON | Total |
| SAR Baseline (Production Estimate) | 3578.2 | 5505.8 | -- | 9084.0 |
| Previous Changes | | | | |
| Economic | -- | -- | -- | -- |
| Quantity | -- | -463.5 | -- | -463.5 |
| Schedule | -- | +46.8 | -- | +46.8 |
| Engineering | -- | -- | -- | -- |
| Estimating | -146.9 | -133.7 | -- | -280.6 |
| Other | -- | -- | -- | -- |
| Support | -- | -- | -- | -- |
| Subtotal | -146.9 | -550.4 | -- | -697.3 |
| Current Changes | | | | |
| Economic | -- | -- | -- | -- |
| Quantity | -- | +466.8 | -- | +466.8 |
| Schedule | -- | -- | -- | -- |
| Engineering | -- | -- | -- | -- |
| Estimating | +5.1 | +198.2 | -- | +203.3 |
| Other | -- | -- | -- | -- |
| Support | -- | -- | -- | -- |
| Subtotal | +5.1 | +665.0 | -- | +670.1 |
| Total Changes | -141.8 | +114.6 | -- | -27.2 |
| Current Estimate | 3436.4 | 5620.4 | -- | 9056.8 |

Previous Estimate: December 2007

| RDT&E | \$M | |
|---|-------------|------------|
| Current Change Explanations | Base Year | Then Year |
| Revised escalation indices. (Economic) | N/A | -5.6 |
| Adjustment for current and prior escalation. (Estimating) | +5.1 | +5.6 |
| RDT&E Subtotal | +5.1 | 0.0 |

| Procurement | \$M | |
|---|---------------|---------------|
| Current Change Explanations | Base Year | Then Year |
| Revised escalation indices. (Economic) | N/A | -5.4 |
| Adjustment for current and prior escalation. (Estimating) | +4.4 | +5.4 |
| Budget adjustments for higher Army priorities in FY 2009. (Estimating) | -1.3 | -1.5 |
| Total Quantity variance resulting from increase of 59 PAC-3 missiles in FY 2010 and 78 PAC-3 missiles in FY 2011 for a total of 137 missiles from 969 to 1106 missiles. (Subtotal) | +491.1 | +595.5 |
| Quantity variance resulting from an increase of 137 PAC-3 missiles from 969 to 1106. (Quantity) | (+466.8) | (+565.8) |
| Allocation to Estimating resulting from quantity change. (Estimating) (QR) | (+24.3) | (+29.7) |
| Increased estimate for Fielding in FY 2010 and FY 2011. (Estimating) (QR) | +14.4 | +17.5 |
| Increased estimate for Depot Maintenance Plant Equipment in FY 2010 and FY 2011. (Estimating) (QR) | +1.9 | +2.3 |
| Increased estimate for Systems Engineering, Integrated Logistics, and other contract engineering associated with realignment of missiles from PATRIOT/MEADS Combined Aggregate Program to PATRIOT PAC-3 program in FY 2010 and FY 2011. (Estimating) (QR) | +152.7 | +185.2 |
| Increase in funding for the PATRIOT Missile Support Center in FY 2012. (Estimating) (QR) | +1.8 | +2.2 |
| Procurement Subtotal | +665.0 | +801.2 |

(QR) Quantity Related

Contracts

| |
|--------------------------------|
| Contract Identification |
|--------------------------------|

Appropriation: Procurement
Contract Name: FY 2006 PAC-3 Production
Contractor: Lockheed Martin
Contractor Location: Dallas, TX 75265
Contract Number: W31P4Q-06-C-0180/1
Contract Type: Firm Fixed Price (FFP)
Award Date: April 13, 2006
Definitization Date: April 13, 2006

| Contract Price | | | | | | | | |
|------------------------------|---------|-----|------------------------------|---------|-----|-------------------------------------|-----------------|--|
| Initial Contract Price (\$M) | | | Current Contract Price (\$M) | | | Estimated Price At Completion (\$M) | | |
| Target | Ceiling | Qty | Target | Ceiling | Qty | Contractor | Program Manager | |
| 379.8 | N/A | 112 | 379.8 | N/A | 112 | 379.8 | 379.8 | |

| |
|--|
| Cost and Schedule Variance Explanations |
|--|

Cost and Schedule Variance reporting is not required on this (FFP) contract.

| |
|--------------|
| Notes |
|--------------|

The FY 2006 PAC-3 Missile Production contract was awarded on April 13, 2006, to Lockheed Martin Missiles and Fire Control, Dallas, TX, for \$379.8M. This contract is for 112 missiles, launcher modification kits, parts library, storage and aging, missile and midsection audits, interim contractor depot support, and replenishment spares.

Deliveries began in 1QFY08 and were completed in 3QFY08. This contract is more than 90% complete; therefore, this is the final report for this contract.

Contract Identification

Appropriation: Procurement
Contract Name: FY 2007 PAC-3 Production
Contractor: Lockheed Martin
Contractor Location: Dallas, TX 75265
Contract Number: W31P4Q-06-C-0180/2
Contract Type: Firm Fixed Price (FFP)
Award Date: December 20, 2006
Definitization Date: December 20, 2006

| Contract Price | | | | | | | |
|------------------------------|---------|-----|------------------------------|---------|-----|-------------------------------------|-----------------|
| Initial Contract Price (\$M) | | | Current Contract Price (\$M) | | | Estimated Price At Completion (\$M) | |
| Target | Ceiling | Qty | Target | Ceiling | Qty | Contractor | Program Manager |
| 376.9 | N/A | 112 | 376.9 | N/A | 112 | 376.9 | 376.9 |

Cost and Schedule Variance Explanations

Cost and Schedule Variance reporting is not required on this (FFP) contract.

Notes

The FY 2007 PAC-3 Missile Production contract was awarded on December 20, 2006, to Lockheed Martin Missiles and Fire Control, Dallas, TX, for \$376.9M. This contract is for 112 missiles, empty canisters, launcher modification kits, telemetry kits, parts library, storage and aging, concurrent spares, replenishment spares, and interim contractor depot support.

Deliveries began in 1QFY09 and were completed in 4QFY09. This contract is more than 90% complete; therefore, this is the final report for this contract.

Contract Identification

Appropriation: Procurement
Contract Name: FY 2008 PAC-3 Production
Contractor: Lockheed Martin
Contractor Location: Dallas, TX 75265
Contract Number: W31P4Q-06-C-0180/3
Contract Type: Firm Fixed Price (FFP), Cost Plus Fixed Fee (CPFF)
Award Date: December 13, 2007
Definitization Date: December 13, 2007

| Contract Price | | | | | | | | |
|------------------------------|---------|-----|------------------------------|---------|-----|-------------------------------------|-----------------|--|
| Initial Contract Price (\$M) | | | Current Contract Price (\$M) | | | Estimated Price At Completion (\$M) | | |
| Target | Ceiling | Qty | Target | Ceiling | Qty | Contractor | Program Manager | |
| 485.1 | N/A | 148 | 485.1 | N/A | 148 | 485.1 | 485.1 | |

Cost and Schedule Variance Explanations

Cost and Schedule Variance reporting is not required on this (FFP/CPFF) contract.

Notes

The FY 2008 PAC-3 Missile Production contract was awarded on December 13, 2007, to Lockheed Martin Missiles and Fire Control, Dallas, TX, for \$485.1M. The U.S. portion of this contract was awarded for \$330.9M. This contract includes procurement of 108 missiles for the U.S. and procurement of 16 and 24 missiles, respectively, for The Netherlands and Germany.

The CPFF portion of this contract is below the dollar threshold for cost and schedule variance reporting.

Deliveries began in 1QFY10.

Contract Identification

Appropriation: Procurement
Contract Name: FY 2009 PAC-3 Production
Contractor: Lockheed Martin
Contractor Location: Dallas, TX 75265
Contract Number: W31P4Q-09-C-0002
Contract Type: Firm Fixed Price (FFP)
Award Date: December 23, 2008
Definitization Date: December 23, 2008

| Contract Price | | | | | | | | |
|------------------------------|---------|-----|------------------------------|---------|-----|-------------------------------------|-----------------|--|
| Initial Contract Price (\$M) | | | Current Contract Price (\$M) | | | Estimated Price At Completion (\$M) | | |
| Target | Ceiling | Qty | Target | Ceiling | Qty | Contractor | Program Manager | |
| 774.8 | N/A | 172 | 774.8 | N/A | 172 | 774.8 | 774.8 | |

Cost and Schedule Variance Explanations

Cost and Schedule Variance reporting is not required on this (FFP) contract.

Notes

The FY 2009 PAC-3 Missile Production contract was awarded on December 23, 2008, to Lockheed Martin Missiles and Fire Control, Dallas, TX, for \$774.8M. The U.S. portion of this contract was awarded for \$476.6M. This contract includes procurement of 108 missiles for the U.S. and 64 missiles for the United Arab Emirates. Also included in this contract are launcher modification kits, spares, and other equipment.

Deliveries are scheduled to begin in 4QFY10. This is the first time this contract is being reported.

Contract Identification

Appropriation: Procurement
Contract Name: FY 2010 PAC-3 Production
Contractor: Lockheed Martin
Contractor Location: Dallas, TX 75265
Contract Number: W31P4Q-10-C-0002
Contract Type: Firm Fixed Price (FFP)
Award Date: December 30, 2009
Definitization Date: December 30, 2009

| Contract Price | | | | | | | | |
|------------------------------|---------|-----|------------------------------|---------|-----|-------------------------------------|-----------------|--|
| Initial Contract Price (\$M) | | | Current Contract Price (\$M) | | | Estimated Price At Completion (\$M) | | |
| Target | Ceiling | Qty | Target | Ceiling | Qty | Contractor | Program Manager | |
| 968.7 | N/A | 253 | 968.7 | N/A | 253 | 968.7 | 968.7 | |

Cost and Schedule Variance Explanations

Cost and Schedule Variance reporting is not required on this (FFP) contract.

Notes

The FY 2010 PAC-3 Missile Production contract was awarded on December 30, 2009, to Lockheed Martin Missiles and Fire Control, Dallas, TX, for \$968.7M. This contract includes U.S. requirements and Foreign Military Sales for the United Arab Emirates (UAE), Taiwan, and Germany. The contract was awarded for production of 253 missiles, 20 launcher modification kits, concurrent spares, and other equipment. This contract award includes the second sale of the PAC-3 missile to the UAE for \$406.7M, and the first sale of the PAC-3 missile to Taiwan for \$355.6M. Germany purchased spares in the amount of \$58K. The U.S. portion includes 59 missiles and was awarded for \$206.3M.

Deliveries are scheduled to begin in 4QFY11. This is the first time this contract is being reported.

Deliveries and Expenditures

| Deliveries | | | | |
|---|-----------------|----------------|----------------|-------------------|
| Delivered to Date | Planned to Date | Actual to Date | Total Quantity | Percent Delivered |
| Development | 0 | 0 | 0 | -- |
| Production | 791 | 835 | 1106 | 75.50% |
| Total Program Quantity Delivered | 791 | 835 | 1106 | 75.50% |

| Expended and Appropriated (TY \$M) | | | |
|------------------------------------|--------|----------------------------|--------|
| Total Acquisition Cost | 9326.1 | Years Appropriated | 28 |
| Expended to Date | 7871.1 | Percent Years Appropriated | 93.33% |
| Percent Expended | 84.40% | Appropriated to Date | 8843.7 |
| Total Funding Years | 30 | Percent Appropriated | 94.83% |

Operating and Support Cost

Assumptions and Ground Rules

The PAC-3 O&S cost estimate was updated for the October 2002 Full Rate Production decision. The O&S estimate is based on a total missile quantity of 1159 missiles, and a lifecycle estimate of 50 years. The O&S estimate covers FY 1980 through FY 2033 (PAC-1 and PAC-2 variants); therefore, an antecedent system is not applicable for the PAC-3 missile O&S cost projection. The majority of the Depot Maintenance cost is attributed to the missile recertification requirement every ten years.

Cost Estimate Reference:

None

Sustainment Strategy:

None

Antecedent Information:

None

| Unitized O&S Costs BY2002 \$K | | |
|-------------------------------|--|---|
| Cost Element | MISSILE SEGMENT Avg Annual Cost Per Missile | ANTECEDENT SYSTEM (Antecedent) Avg Annual Cost Per Antecedent System |
| Mission Pay & Allowance | 0.000 | -- |
| Unit Level Consumption | 10.400 | -- |
| Intermediate Maintenance | 0.000 | -- |
| Depot Maintenance | 30.300 | -- |
| Contractor Support | 0.000 | -- |
| Sustaining Support | 5.700 | -- |
| Indirect | 14.600 | -- |
| Other | -- | -- |
| Total | 61.000 | -- |

Unitized Cost Comments:

None

| Item | Total O&S Cost \$M | | | |
|------------------|---|------------------|-----------------------------------|-----|
| | MISSILE SEGMENT | | ANTECEDENT SYSTEM (Antecedent) | |
| | Current Production APB Objective/Threshold | Current Estimate | | |
| Base Year | 3534.5 | 3888.0 | 3534.5 | N/A |
| Then Year | 4687.6 | N/A | 4687.6 | N/A |

Total O&S Cost Comment

None

Disposal Estimate Details

Date of Estimate:

Source of Estimate:

Disposal/Demilitarization Total Cost (BY 2002 \$M):