Selected Acquisition Report (SAR)

RCS: DD-A&T(Q&A)823-391

SM-6

As of December 31, 2010

Defense Acquisition Management
Information Retrieval
(DAMIR)

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Program Information

Designation And Nomenclature (Popular Name)

STANDARD MISSILE-6 (SM-6) Extended Range Active Missile (ERAM)

DoD Component

Navy

Responsible Office

Responsible Office

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Date Assigned April 8, 2009

References

SAR Baseline (Production Estimate)

Defense Acquisition Executive (DAE) Approved Acquisition Program Baseline (APB) dated March 26, 2010

Approved APB

DAE Approved Acquisition Program Baseline (APB) dated March 26, 2010

Mission and Description

The STANDARD Missile-6 (SM-6) Extended Range Active Missile (ERAM) is designed to provide ship self-defense, fleet area defense, and theater air defense for sea and littoral forces. Raytheon Missile Systems (RMS) has been chosen as the sole source contractor for SM-6 ERAM Block I. The SM-6 ERAM is a surface-to-air supersonic missile, launched from Aegis Cruisers and Destroyers, capable of successfully engaging manned and unmanned, fixed or rotary wing aircraft, and land attack or Anti-Ship Cruise Missiles (ASCM) in flight. The SM-6 ERAM program is an evolutionary, capabilities based acquisition program that will use spiral development to produce an initial Block I capability, with follow-on blocks to pace emerging threat systems as required. In addition to an extended range, the initial SM-6 ERAM Block I will have active missile seeker homing for improved flight responsiveness, guidance, sub-clutter visibility, countermeasures resistance over present SM-2 missiles, and will be "Engage-On-Remote" (EOR) intercept capable.

SM-6 will be an effective weapon that will apply timely, precise, accurate and lethal fire power against cruise missile threats and launch platforms in a fleet area defense role and over hostile territory. SM-6 will provide in-flight destruction capabilities over the total flight path. SM-6 may be employed in concert with the developing Joint Theater Air and Missile Defense (TAMD) Family of Systems (FoS) to provide continuous protection to forward deployed maneuver forces as well as theater rear assets.

Executive Summary

SM-6 Developmental Testing conducted at Pacific Missile Range Facility (PMRF) began in May 2010 and completed on January 21, 2011.

The program completed and passed Reliability Demonstration Testing (RDT) with no failures in December 2010. The SM-6 Highly Accelerated Life Testing (HALT) has been initialized, is currently 50% complete and is scheduled to complete 2nd Quarter FY 11.

The SM-6 Program completed Defense Acquisition Board II for Low Rate Initial Production (LRIP) Lot 2 and received authorization to enter into increment 2 of LRIP as documented in the Acquisition Decision Memorandum dated June 7, 2010. The LRIP production contract was definitized on July 1, 2010.

SM-6 conducted successful testing of Guided Test Vehicle (GTV)-3 at White Sands Missile Range (WSMR) January 11, 2010. This completes the Land Based testing portion of the program.

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

Threshold Breaches

APB Breaches		
Schedule		☑
Performance		☐
Cost	RDT&E	☐
	Procurement	☐
	MILCON	☐
	Acq O&M	☐
Unit Cost	PAUC	☐
	APUC	☐

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

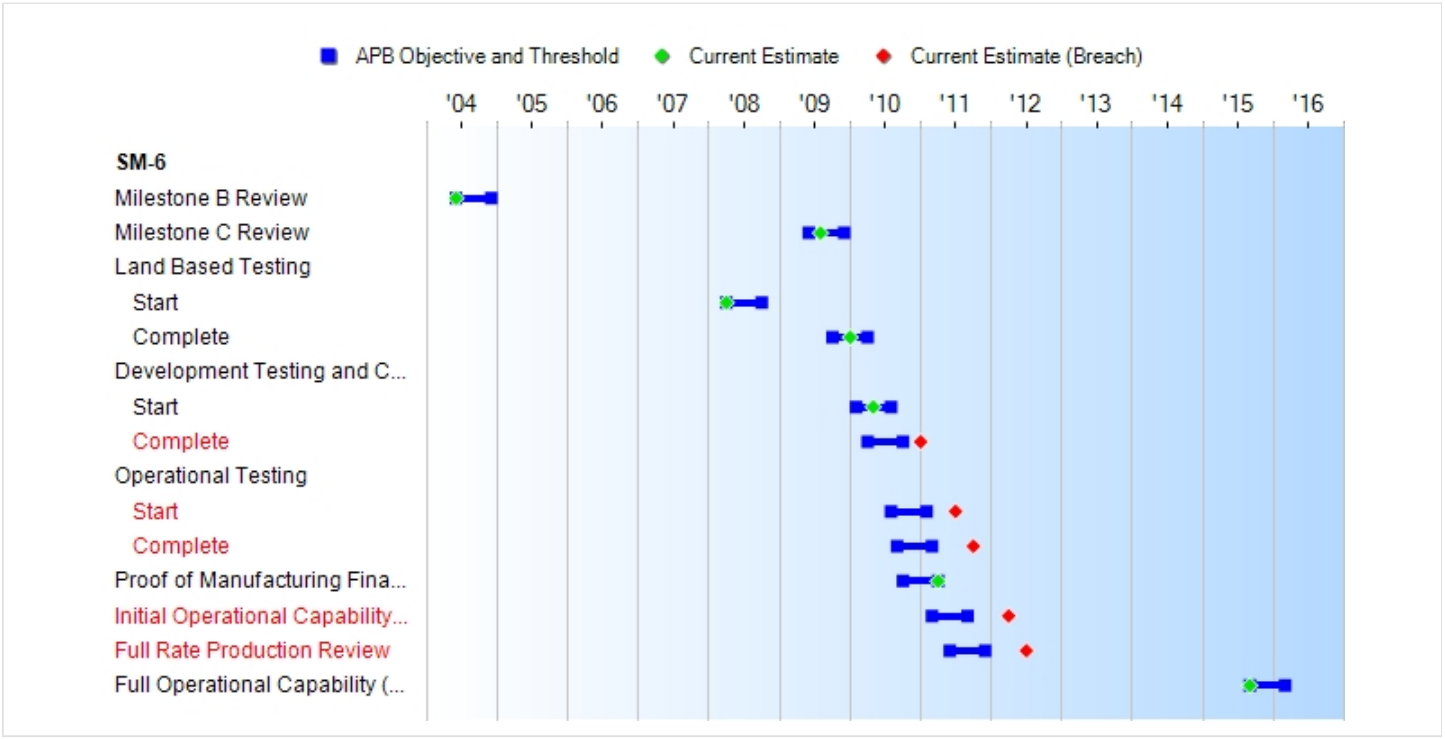
Explanation of Breach

SM-6 At-Sea Development Testing (DT) commenced in May 2010. Four missile tests were conducted. Two tests were successful. One test resulted in proper missile guidance and target acquisition with miss distance within specification, however, the test was deemed a failure due to a Target Detection Device anomaly. One test resulted in a failure due to improper missile guidance. DT was suspended to resolve these issues. The resulting 8 month delay was due to the time it took to root cause the issues, implement the fixes, and build the 4 rounds to support the DT completion missions. All issues were resolved as demonstrated during DT completion in January 2011.

These delays have also resulted in the program not meeting Acquisition Program Baseline (APB) threshold for DT completion and will subsequently cause the program to surpass current APB threshold dates for start and completion of Operational Testing, Full Rate Production Review and Initial Operational Capability.

The Program Manager is working closely with Raytheon to minimize schedule impacts. A Program Deviation Report to address the DT completion threshold breach is currently in the approval process. A new APB is expected to be discussed during the April 2011 Defense Acquisition Board review.

Schedule



Milestones	SAR Baseline Prod Est	Current APB Production Objective/Threshold		Current Estimate	
Milestone B Review	JUN 2004	JUN 2004	DEC 2004	JUN 2004	
Milestone C Review	JUN 2009	JUN 2009	DEC 2009	AUG 2009	
Land Based Testing					
Start	APR 2008	APR 2008	OCT 2008	APR 2008	
Complete	OCT 2009	OCT 2009	APR 2010	JAN 2010	
Development Testing and Combined Development and Operational Testing					
Start	FEB 2010	FEB 2010	AUG 2010	MAY 2010	
Complete	APR 2010	APR 2010	OCT 2010	**JAN 2011**[1]	(Ch-1)
Operational Testing					
Start	AUG 2010	AUG 2010	FEB 2011	**JUL 2011**[1]	(Ch-1)
Complete	SEP 2010	SEP 2010	MAR 2011	**OCT 2011**[1]	(Ch-1)
Proof of Manufacturing Final Review	OCT 2010	OCT 2010	APR 2011	APR 2011	(Ch-1)
Initial Operational Capability (IOC)	MAR 2011	MAR 2011	SEP 2011	**APR 2012**[1]	(Ch-1)
Full Rate Production Review	JUN 2011	JUN 2011	DEC 2011	**JUL 2012**[1]	(Ch-1)
Full Operational Capability (FOC)	SEP 2015	SEP 2015	MAR 2016	SEP 2015	

[1] *APB Breach*

Change Explanations

(Ch-1) SM-6 At-Sea Development Testing (DT) commenced in May 2010. Four missile tests were conducted. Two tests were successful. One test resulted in proper missile guidance and target acquisition with miss distance within specification, however, the test was deemed a failure due to a Target Detection Device anomaly. One test resulted in a failure due to improper missile guidance. DT was suspended to resolve these issues. The resulting 8 month delay was due to the time it took to root cause the issues, implement the fixes, and build the 4 rounds to support the DT completion missions. All issues were resolved as demonstrated during DT completion in January 2011.

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Memo

The extended threshold for Full Operational Capability (FOC) is defined in the SM-6 Capabilities Production Document (CPD).

Performance

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

Track To Budget

General Memo

The FY 2012 President's Budget (PB) exhibits feature FY 2010 and beyond. The SM-6 Research & Development Program of Record figures still come from the funding element source: PE 0604366N - Project 3092. There are five planned Program Elements under 3092, of which only three are SM-6 unique: (1) the SM-6/Aegis Weapon System & Vertical Launch System integration efforts, (2) SM-6 missile development efforts, and (3) SM-6 Operational Test & Evaluation Support.

The FY 2012 PB includes funding for other STANDARD Missile improvements, none of which are included in the SM-6 development program baseline; (4) SM-6 Insensitive Munitions efforts and (5) Joint Integrated Fire Enhancement is funded in PE 0604366N - Project 3092.

The FY 2012 PB for SM-6 procurement (APPN 1507, PE 0204228N) includes ICN 223400 and 612000. Both are shared with SM-2. All up rounds are reflected in Budget Line Item (BLI) 2234 P1-7. Initial Spares are included in BLI 6120 P1-35.

RDT&E

APPN 1319	BA 05	PE 0604366N	(Navy)
	Project 3092	Standard Missile 6 Program	(Shared)

Procurement

APPN 1507	BA 02	PE 0204228N	(Navy)
	ICN 223400	STANDARD Missile	(Shared)
	Shared with SM-2.		
APPN 1507	BA 06	PE 0204228N	(Navy)
	ICN 612000	Spares and Repair Parts	(Shared)
	Shared with SM-2.		

Cost and Funding

Cost Summary

Total Acquisition Cost and Quantity

	BY2004 $M			BY2004 $M	TY $M		
Appropriation	SAR Baseline Prod Est	Current APB Production Objective/Threshold		Current Estimate	SAR Baseline Prod Est	Current APB Production Objective	Current Estimate
RDT&E	861.6	861.6	947.8	831.1	963.2	963.2	927.0
Procurement	4419.5	4419.5	4861.5	4544.4	5634.0	5634.0	5768.9
Flyaway	3832.8	--	--	3914.6	4881.3	--	4969.0
Recurring	3798.9	--	--	3889.1	4842.1	--	4939.4
Non Recurring	33.9	--	--	25.5	39.2	--	29.6
Support	586.7	--	--	629.8	752.7	--	799.9
Other Support	430.8	--	--	421.9	551.9	--	534.7
Initial Spares	155.9	--	--	207.9	200.8	--	265.2
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	5281.1	5281.1	N/A	5375.5	6597.2	6597.2	6695.9

The current SM-6 Acquisition Program Baseline (APB) is based on the Office of the Secretary of Defense, Cost Assessment and Program Evaluation (OSD CAPE) Independent Cost Estimate (ICE) prepared for Milestone C. A citation on a fifty percent (50%) confidence level of the SM-6 cost estimates is referenced in the OSD CAPE ICE memorandum for the SM-6 Program dated July 28, 2009. The following is an excerpt from this memorandum on the confidence levels; "The estimate is, like previous CAPE estimates, built upon a product-oriented work breakdown structure, based on historical actual cost information to the maximum extent possible, and, most importantly, based on conservative assumptions that are consistent with actual demonstrated contractor and government performance for a series of acquisition programs in which the Department has been successful." The ICE memorandum further states, "It is difficult to calculate mathematically the precise confidence levels associated with life-cycle cost estimates prepared for Major Defense Acquisition Programs (MDAP). Based on the rigor in methods used in building estimates, the strong adherence to the collection and use of historical cost information, and the review of applied assumptions, we project that it is equally likely that the estimate will prove too low or too high for execution of the program described."

Quantity	SAR Baseline Prod Est	Current APB Production	Current Estimate
RDT&E	0	0	0
Procurement	1200	1200	1200
Total	1200	1200	1200

Cost and Funding

Funding Summary

Appropriation and Quantity Summary
FY2012 President's Budget / December 2010 SAR (TY$ M)

Appropriation	Prior	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	To Complete	Total
RDT&E	854.7	64.6	7.7	0.0	0.0	0.0	0.0	0.0	927.0
Procurement	220.0	294.2	436.9	567.2	610.3	690.9	755.5	2193.9	5768.9
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 2012 Total	1074.7	358.8	444.6	567.2	610.3	690.9	755.5	2193.9	6695.9
PB 2011 Total	1087.8	359.7	521.1	676.4	685.0	673.9	684.1	1912.0	6600.0
Delta	-13.1	-0.9	-76.5	-109.2	-74.7	17.0	71.4	281.9	95.9

Quantity	Undistributed	Prior	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	30	59	89	121	129	152	168	452	1200
PB 2012 Total	0	30	59	89	121	129	152	168	452	1200
PB 2011 Total	0	30	59	113	154	152	149	150	393	1200
Delta	0	0	0	-24	-33	-23	3	18	59	0

Cost and Funding

Annual Funding By Appropriation

Annual Funding TY$
1319 | RDT&E | Research, Development, Test, and Evaluation, Navy

Fiscal Year	Quantity	End Item Recurring Flyaway TY $M	Non End Item Recurring Flyaway TY $M	Non Recurring Flyaway TY $M	Total Flyaway TY $M	Total Support TY $M	Total Program TY $M
2004	--	--	--	--	--	--	25.5
2005	--	--	--	--	--	--	83.8
2006	--	--	--	--	--	--	114.8
2007	--	--	--	--	--	--	150.0
2008	--	--	--	--	--	--	172.6
2009	--	--	--	--	--	--	195.4
2010	--	--	--	--	--	--	112.6
2011	--	--	--	--	--	--	64.6
2012	--	--	--	--	--	--	7.7
Subtotal	**--**	**--**	**--**	**--**	**--**	**--**	**927.0**

Annual Funding BY$

1319 | RDT&E | Research, Development, Test, and Evaluation, Navy

Fiscal Year	Quantity	End Item Recurring Flyaway BY 2004 $M	Non End Item Recurring Flyaway BY 2004 $M	Non Recurring Flyaway BY 2004 $M	Total Flyaway BY 2004 $M	Total Support BY 2004 $M	Total Program BY 2004 $M
2004	--	--	--	--	--	--	25.0
2005	--	--	--	--	--	--	80.0
2006	--	--	--	--	--	--	106.3
2007	--	--	--	--	--	--	135.6
2008	--	--	--	--	--	--	153.3
2009	--	--	--	--	--	--	171.4
2010	--	--	--	--	--	--	97.7
2011	--	--	--	--	--	--	55.3
2012	--	--	--	--	--	--	6.5
Subtotal	**--**	**--**	**--**	**--**	**--**	**--**	**831.1**

Annual Funding TY$
1507 | Procurement | Weapons Procurement, Navy

Fiscal Year	Quantity	End Item Recurring Flyaway TY $M	Non End Item Recurring Flyaway TY $M	Non Recurring Flyaway TY $M	Total Flyaway TY $M	Total Support TY $M	Total Program TY $M
2009	19	92.2	--	15.0	107.2	15.1	122.3
2010	11	54.8	--	14.6	69.4	28.3	97.7
2011	59	259.4	--	--	259.4	34.8	294.2
2012	89	382.3	--	--	382.3	54.6	436.9
2013	121	496.9	--	--	496.9	70.3	567.2
2014	129	515.9	--	--	515.9	94.4	610.3
2015	152	598.9	--	--	598.9	92.0	690.9
2016	168	667.9	--	--	667.9	87.6	755.5
2017	150	612.5	--	--	612.5	106.2	718.7
2018	150	621.2	--	--	621.2	108.4	729.6
2019	152	637.4	--	--	637.4	108.2	745.6
Subtotal	**1200**	**4939.4**	**--**	**29.6**	**4969.0**	**799.9**	**5768.9**

Annual Funding BY$
1507 | Procurement | Weapons Procurement, Navy

Fiscal Year	Quantity	End Item Recurring Flyaway BY 2004 $M	Non End Item Recurring Flyaway BY 2004 $M	Non Recurring Flyaway BY 2004 $M	Total Flyaway BY 2004 $M	Total Support BY 2004 $M	Total Program BY 2004 $M
2009	19	80.2	--	13.0	93.2	13.1	106.3
2010	11	47.0	--	12.5	59.5	24.4	83.9
2011	59	219.4	--	--	219.4	29.4	248.8
2012	89	318.3	--	--	318.3	45.4	363.7
2013	121	406.9	--	--	406.9	57.5	464.4
2014	129	415.3	--	--	415.3	76.0	491.3
2015	152	474.1	--	--	474.1	72.8	546.9
2016	168	519.9	--	--	519.9	68.2	588.1
2017	150	468.8	--	--	468.8	81.3	550.1
2018	150	467.5	--	--	467.5	81.6	549.1
2019	152	471.7	--	--	471.7	80.1	551.8
Subtotal	**1200**	**3889.1**	**--**	**25.5**	**3914.6**	**629.8**	**4544.4**

Low Rate Initial Production

	Initial LRIP Decision	Current Total LRIP
Approval Date	7/12/2004	8/24/2009
Approved Quantity	120	120
Reference	Milestone B ADM	Milestone C ADM
Start Year	2009	2009
End Year	2011	2011

SM-6 Low Rate Initial Production (LRIP) quantities are not to exceed 120 missiles per Under Secretary of Defense for Acquisition, Technology and Logistics Acquisition Decision Memorandum (ADM) dated August 24, 2009. The current authorized LRIP quantity for FY 2009 is 19 missiles and for FY 2010 is 11 missiles.

The SM-6 Program will build-up 25 non-LRIP rounds that will be test fired during the System Development and Demonstration (SDD) phase of the program. All 25 missiles will be expended prior to Initial Operational Capability (IOC).

Foreign Military Sales

None

Nuclear Cost

None

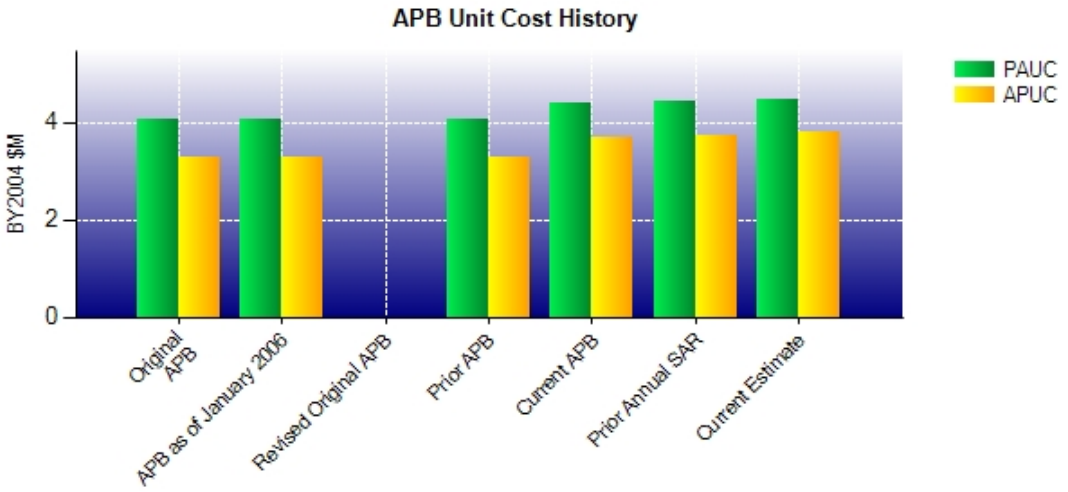
Unit Cost

Unit Cost Report

Unit Cost	BY2004 $M Current UCR Baseline (MAR 2010 APB)	BY2004 $M Current Estimate (DEC 2010 SAR)	BY % Change
Program Acquisition Unit Cost (PAUC)			
Cost	5281.1	5375.5	
Quantity	1200	1200	
Unit Cost	4.401	4.480	+1.80
Average Procurement Unit Cost (APUC)			
Cost	4419.5	4544.4	
Quantity	1200	1200	
Unit Cost	3.683	3.787	+2.82

Unit Cost	BY2004 $M Original UCR Baseline (JUL 2004 APB)	BY2004 $M Current Estimate (DEC 2010 SAR)	BY % Change
Program Acquisition Unit Cost (PAUC)			
Cost	4866.3	5375.5	
Quantity	1200	1200	
Unit Cost	4.055	4.480	+10.48
Average Procurement Unit Cost (APUC)			
Cost	3949.6	4544.4	
Quantity	1200	1200	
Unit Cost	3.291	3.787	+15.07

Unit Cost History



		BY2004 $M		TY $M	
	Date	PAUC	APUC	PAUC	APUC
Original APB	JUL 2004	4.055	3.291	4.986	4.163
APB as of January 2006	JUL 2004	4.055	3.291	4.986	4.163
Revised Original APB	N/A	N/A	N/A	N/A	N/A
Prior APB	JUL 2004	4.055	3.291	4.986	4.163
Current APB	MAR 2010	4.401	3.683	5.498	4.695
Prior Annual SAR	DEC 2009	4.428	3.727	5.500	4.717
Current Estimate	DEC 2010	4.480	3.787	5.580	4.807

SAR Unit Cost History

Initial SAR Baseline to Current SAR Baseline (TY $M)

Initial PAUC Dev Est	Changes								PAUC Prod Est
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
4.986	0.061	0.000	-0.012	0.000	0.207	0.000	0.338	0.594	5.498

Current SAR Baseline to Current Estimate (TY $M)

PAUC Prod Est	Changes								PAUC Current Est
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
5.498	-0.053	0.000	0.033	0.000	0.056	0.000	0.046	0.082	5.580

Initial SAR Baseline to Current SAR Baseline (TY $M)

Initial APUC Dev Est	Changes								APUC Prod Est
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
4.163	0.033	0.000	-0.012	0.000	0.286	0.000	0.337	0.644	4.695

Current SAR Baseline to Current Estimate (TY $M)

APUC Prod Est	Changes								APUC Current Est
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
4.695	-0.052	0.000	0.033	0.000	0.086	0.000	0.046	0.113	4.807

SAR Baseline History

Item/Event	SAR Planning Estimate (PE)	SAR Development Estimate (DE)	SAR Production Estimate (PdE)	Current Estimate
Milestone A	N/A	N/A	N/A	N/A
Milestone B	N/A	JUN 2004	JUN 2004	JUN 2004
Milestone C	N/A	SEP 2008	JUN 2009	AUG 2009
IOC	N/A	SEP 2010	MAR 2011	APR 2012
Total Cost (TY $M)	N/A	5983.3	6597.2	6695.9
Total Quantity	N/A	1200	1200	1200
Prog. Acq. Unit Cost (PAUC)	N/A	4.986	5.498	5.580

Cost Variance

Cost Variance Summary

Summary Then Year $M				
	RDT&E	Proc	MILCON	Total
SAR Baseline (Prod Est)	963.2	5634.0	--	6597.2
Previous Changes				
Economic	-1.1	-52.0	--	-53.1
Quantity	--	--	--	--
Schedule	--	+9.2	--	+9.2
Engineering	--	--	--	--
Estimating	-22.5	+328.4	--	+305.9
Other	--	--	--	--
Support	--	-259.2	--	-259.2
Subtotal	-23.6	+26.4	--	+2.8
Current Changes				
Economic	+0.3	-10.6	--	-10.3
Quantity	--	--	--	--
Schedule	--	+30.4	--	+30.4
Engineering	--	--	--	--
Estimating	-12.9	-225.6	--	-238.5
Other	--	--	--	--
Support	--	+314.3	--	+314.3
Subtotal	-12.6	+108.5	--	+95.9
Total Changes	-36.2	+134.9	--	+98.7
CE - Cost Variance	927.0	5768.9	--	6695.9
CE - Cost & Funding	927.0	5768.9	--	6695.9

Summary Base Year 2004 $M				
	RDT&E	Proc	MILCON	Total
SAR Baseline (Prod Est)	861.6	4419.5	--	5281.1
Previous Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	--	--	--
Engineering	--	--	--	--
Estimating	-19.4	+254.8	--	+235.4
Other	--	--	--	--
Support	--	-202.4	--	-202.4
Subtotal	-19.4	+52.4	--	+33.0
Current Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	--	--	--
Engineering	--	--	--	--
Estimating	-11.1	-173.0	--	-184.1
Other	--	--	--	--
Support	--	+245.5	--	+245.5
Subtotal	-11.1	+72.5	--	+61.4
Total Changes	-30.5	+124.9	--	+94.4
CE - Cost Variance	831.1	4544.4	--	5375.5
CE - Cost & Funding	831.1	4544.4	--	5375.5

Previous Estimate: December 2009

RDT&E	$M	
Current Change Explanations	**Base Year**	**Then Year**
Revised escalation indices. (Economic)	N/A	+0.3
Adjustment for current and prior escalation. (Estimating)	-0.3	-0.3
Reduction in SM-6 funding to fund Rolling Airframe Missile (RAM) Block 2 Development. (Estimating)	-5.1	-6.0
Reduction due to Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) Assessment and FY 2010 Omnibus Reprogramming Activities. (Estimating)	-5.7	-6.6
RDT&E Subtotal	-11.1	-12.6

Procurement	$M	
Current Change Explanations	**Base Year**	**Then Year**
Revised escalation indices. (Economic)	N/A	-10.6
Increase due to rephasing of SM-6 procurement buy profile to reflect reduction in near term procurement buys and increase in out year procurement buys. (Schedule)	0.0	+30.4
Adjustment for current and prior escalation. (Estimating)	+0.3	+0.4
Increase due to refined estimates of All Up Round missile hardware and canisters. (Estimating)	+53.5	+61.7
Change is related to realignment of Total Flyaway to Support to reflect allocation as presented in the Current APB (March 2010). (Estimating)	-226.8	-287.7
Adjustment for current and prior escalation. (Support)	+0.1	0.0
Change in other support is related to realignment of Total Flyaway to Support to reflect allocation as presented in the Current APB (March 2010). True Other Support variance is -13.5 (TY$M) due to refined support cost estimates. (Support)	+215.4	+274.2
Increase in Initial Spares due to increase in All Up Round missile hardware cost. (Support)	+30.0	+40.1
Procurement Subtotal	+72.5	+108.5

Contracts

Appropriation: RDT&E

Contract Name	**SM-6 SDD**
Contractor	RAYTHEON (RMS)
Contractor Location	Tucson, AZ 85731
Contract Number, Type	N00024-04-C-5344, CPAF
Award Date	September 03, 2004
Definitization Date	September 03, 2004

Initial Contract Price ($M)			Current Contract Price ($M)			Estimated Price At Completion ($M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
440.1	N/A	0	450.3	N/A	0	450.3	450.3

Variance	Cost Variance	Schedule Variance
Cumulative Variances To Date (12/31/2010)	-0.2	-2.2
Previous Cumulative Variances	-8.0	-7.4
Net Change	+7.8	+5.2

Cost And Schedule Variance Explanations

Net favorable cost and schedule variances for this contract are moving towards zero which indicates an improvement for both. These positive variances can be accredited to the program's ability to claim credit for completed tasks as the contract nears completion.

Contract Comments

This contract is over 90% complete and will no longer be reported in the Selected Acquisition Report.

The change between the initial contract price and current contract price is due to modifications exercised that incrementally fund CLIN3 to provide mission and engineering services.

Appropriation: Procurement

Contract Name	**SM-6 LRIP Contract**
Contractor	RAYTHEON (RMS)
Contractor Location	Tucson, AZ 85731-1337
Contract Number, Type	N00024-09-C-5305/0, FPIF
Award Date	September 04, 2009
Definitization Date	July 01, 2010

Initial Contract Price ($M)			Current Contract Price ($M)			Estimated Price At Completion ($M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
367.9	397.4	89	367.9	397.4	89	367.9	367.9

Cost And Schedule Variance Explanations

Cost and Schedule variance reporting is not required on this FPIF contract.

Contract Comments

On September 4, 2009 SM-6 was awarded a letter contract to establish Not-to-Exceed (NTE) prices for the Low Rate Initial Production (LRIP) Contract Line Item Numbers (CLINs). The contract was definitized on July 1, 2010. The Milestone C Defense Acquisition Board (DAB) and Acquisition Decision Memorandum (ADM) dated August 31, 2009 authorized the FY 09 production lot. A follow-on DAB and ADM dated June 7, 2010 authorized the FY 10 production lot. FY 11 production authorization is pending a follow-on DAB which is scheduled for April 2011.

No cost and schedule variances are reported at this time pending the establishment of the Performance Measurement Baseline (PMB) during the LRIP Integrated Baseline Review (IBR) held in January 2011. Reporting will commence in Spring 2011 and will be included in the next Selected Acquisition Report.

Deliveries and Expenditures

Deliveries To Date	Plan To Date	Actual To Date	Total Quantity	Percent Delivered
Development	0	0	0	--
Production	0	1	1200	0.08%
Total Program Quantities Delivered	0	1	1200	0.08%

Expenditures and Appropriations (TY $M)			
Total Acquisition Cost	6695.9	Years Appropriated	8
Expenditures To Date	817.5	Percent Years Appropriated	50.00%
Percent Expended	12.21%	Appropriated to Date	1433.5
Total Funding Years	16	Percent Appropriated	21.41%

Delivery and expenditure information reflects data through March 7, 2011.

Operating and Support Cost

Assumptions And Ground Rules

Since the SM-6 is a wooden round (a concept which pictures a weapon as being completely reliable and, while deployed on board a ship, having an infinite shelf life while at the same time requiring no special handling, storage, surveillance or maintenance by ships force personnel), Personnel Costs are unnecessary for missile operation. Unit Level Consumption includes Range and Target Costs as well as Post Flight Analysis. Intermediate Maintenance consists of Intermediate Level Maintenance facility costs. Depot Maintenance includes Depot Maintenance and Refurbishment. Sustaining Support includes Sustaining Investment and Software Maintenance. Indirect Costs include Demilitarization/Disposal and Other costs. Average annual per missile costs are based on April 2010 Navy Service Cost Position and verified by the OSD Cost Assessment and Program Evaluation (CAPE) Independent Cost Estimate (ICE) assuming 1200 All Up Rounds over a 30 year life cycle.

There is no Antecedent System for the STANDARD Missile-6 program. The SM-6 program meets a different threat set and demonstrates enhanced capabilities in comparison to the SM-2 program.

Costs BY2004 $K		
Cost Element	**SM-6 Avg Annual Cost per Missile**	**No Antecedent**
Unit-Level Manpower	0.0	0.0
Unit Operations	3.0	0.0
Maintenance	1.3	0.0
Sustaining Support	3.4	0.0
Continuing System Improvements	0.0	0.0
Indirect Support	1.9	0.0
Other	0.0	0.0
Total Unitized Cost (Base Year 2004 $)	9.6	--

Total O&S Costs $M	SM-6	No Antecedent
Base Year	344.6	0.0
Then Year	558.0	0.0