Selected Acquisition Report (SAR)

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

LCS

As of December 31, 2011

Defense Acquisition Management
Information Retrieval
(DAMIR)

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Program Information

Designation And Nomenclature (Popular Name)

Littoral Combat Ship (LCS)

DoD Component

Navy

Responsible Office

Responsible Office

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References

SAR Baseline (Development Estimate)

Defense Acquisition Executive (DAE) Approved Acquisition Program Baseline (APB) dated April 7, 2011.

Approved APB

Defense Acquisition Executive (DAE) Approved Acquisition Program Baseline (APB) dated April 7, 2011

Mission and Description

The Littoral Combat Ship (LCS) will be optimized for flexibility in the littorals as a system of systems that is 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 responses 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

The FY 2013 President's Budget submission requests $1,785 million to procure LCS hulls 13 through 16 in FY 2013. These ships will be awarded under the Block Buy contracts to Lockheed Martin and Austal, USA as part of the FY 2010 - FY 2015 ship procurements.

USS FREEDOM (LCS 1) is continuing with its post delivery test and trials phase. LCS 1 completed the first phase of its Post Shakedown Availability (PSA) and is supporting Developmental Testing (DT) of the Surface Warfare Mission Package.

USS INDEPENDENCE (LCS 2) is also continuing with its post delivery test and trials phase and is currently supporting Mine Countermeasure Mission Package DT.

FORT WORTH (LCS 3) completed builder's sea trials in October 2011 and is now preparing to conduct acceptance trials in April 2012. Delivery is planned for June 2012 followed by commissioning in September 2012 in Galveston, Texas. LCS 3 is approximately 99 percent complete.

CORONADO (LCS 4) launched on January 9, 2012 and was christened on January 14, 2012. As has been progressively reported, launch was delayed to ensure orderly completion of design products and proper sequence of production efforts leading up to planned level of completion at launch (approximately 80 percent). As well, Austal has been affected by a delayed production manning ramp-up carrying over from uncertainties regarding program block buy decisions in 2010. The net effect has been a seven-month delay to the launch. LCS 4 delivery schedule has been revised to March 2013 to reflect these factors.

MILWAUKEE (LCS 5) completed a Detail Design Review (DDR), completed a Production Readiness Review (PRR) and started fabrication on August 5, 2011. Lockheed Martin conducted a lay keel event on October 27, 2011. LCS 5 is continuing in production and is approximately nine percent complete.

JACKSON (LCS 6) completed a DDR, completed a PRR, and started fabrication on August 29, 2011. Austal plans to conduct a lay keel event in September 2012. LCS 6 is continuing in production and is approximately four percent complete.

DETROIT (LCS 7) completed a DDR in November 2011 and is scheduled to conduct a PRR in March 2012, with the start of fabrication planned to begin in approximately April 2012.

MONTGOMERY (LCS 8) conducted a DDR in February 2012 and is scheduled to conduct a PRR in April 2012, with the start of fabrication planned to begin in approximately May 2012.

LCS 9 through LCS 12 have been named LITTLE ROCK (LCS 9), GABRIELLE GIFFORDS (LCS 10), SIOUX CITY (LCS 11), and OMAHA (LCS 12).

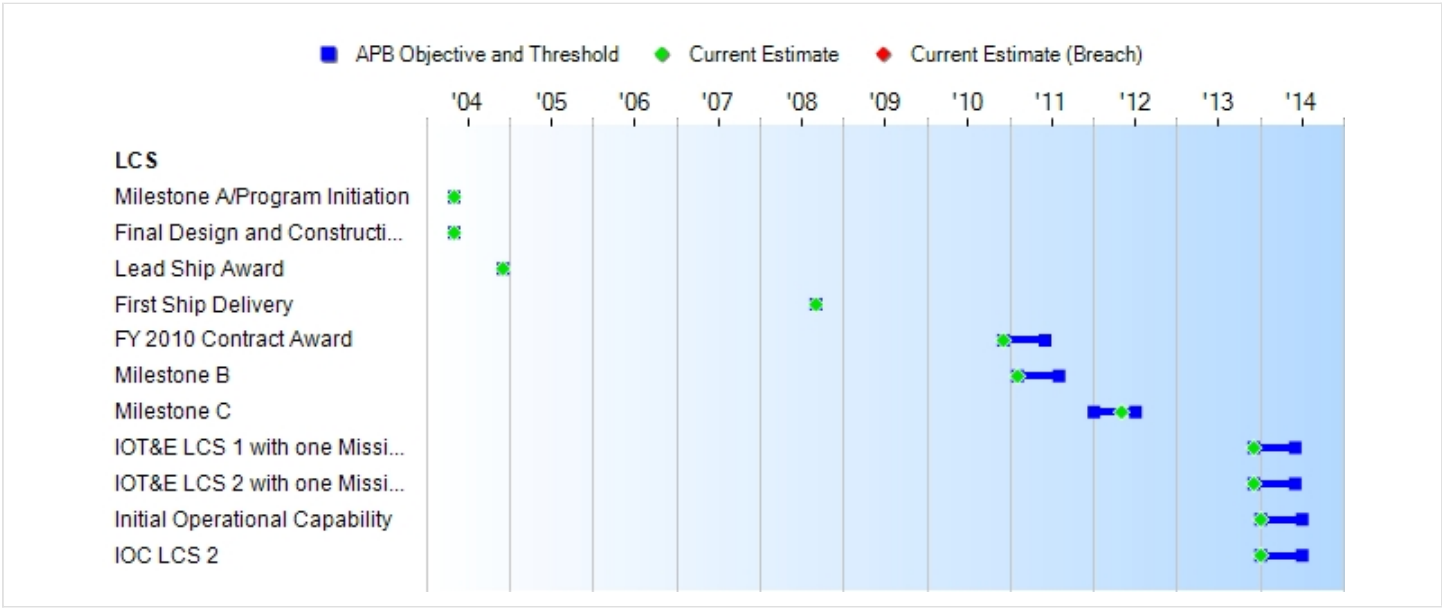
There are no significant software-related issues with this program at this time.

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

Schedule



Milestones	SAR Baseline Dev Est	Current APB Development Objective/Threshold		Current Estimate	
Milestone A/Program Initiation	MAY 2004	MAY 2004	MAY 2004	MAY 2004	
Final Design and Construction Contract Award	MAY 2004	MAY 2004	MAY 2004	MAY 2004	
Lead Ship Award	DEC 2004	DEC 2004	DEC 2004	DEC 2004	
First Ship Delivery	SEP 2008	SEP 2008	SEP 2008	SEP 2008	
FY 2010 Contract Award	DEC 2010	DEC 2010	JUN 2011	DEC 2010	
Milestone B	FEB 2011	FEB 2011	AUG 2011	FEB 2011	
Milestone C	JAN 2012	JAN 2012	JUL 2012	MAY 2012	(Ch-1)
IOT&E LCS 1 with one Mission Package	DEC 2013	DEC 2013	JUN 2014	DEC 2013	
IOT&E LCS 2 with one Mission Package	DEC 2013	DEC 2013	JUN 2014	DEC 2013	
Initial Operational Capability	JAN 2014	JAN 2014	JUL 2014	JAN 2014	
IOC LCS 2	JAN 2014	JAN 2014	JUL 2014	JAN 2014	

Acronyms And Abbreviations

APB - Acquisition Program Baseline
IOC - Initial Operational Capability
IOT&E - Initial Operational, Test and Evaluation

Change Explanations

(Ch-1) Milestone C planning date revised from JAN 2012 to MAY 2012 to accomodate completion of the updated Test and Evaluation Master Plan.

Memo

IOC for LCS 1 is achieved when Initial Operational Test and Evaluation (IOT&E) is conducted with any mission package.
IOC for LCS 2 is achieved when IOT&E is conducted with any mission package.

Performance

Characteristics	SAR Baseline Dev Est	Current APB Development 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 @ 16 kts	4,300 nm @ 16 kts	3,500 nm @ 14 kts	TBD	4,300 nm @ 16 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)
Core Crew Manning (# Core Crew Members)	15	15	50	TBD	40 Core Crew Members
Net- Ready: The system must support Net-Centric military operations. The system must be able to enter and be managed in the network, and exchange data in a secure manner to enhance mission effectiveness. The system must continuously provide survivable, interoperable, secure, and operationally effective information exchanges to enable a Net-Centric military capability.	The system must fully support execution of all operational activities identified in the applicable joint and system integrated architectures and the system must satisfy the technical requirements for Net-Centric military operations to include 1) DISR mandated GIG IT standards and profiles identified in the TV-1, 2) DISR mandated	The system must fully support execution of all operational activities identified in the applicable joint and system integrated architectures and the system must satisfy the technical requirements for Net-Centric military operations to include 1) DISR mandated GIG IT standards and profiles identified in the TV-1, 2) DISR mandated	The system must fully support execution of joint critical operational activities identified in the applicable joint and system integrated architectures and the system must satisfy the technical requirements for transition to Net-Centric military operations to include 1) DISR mandated GIG IT standards and profiles identified in the TV-1, 2) DISR	TBD	The system must fully support execution of all operational activities identified in the applicable joint and system integrated architectures and the system must satisfy the technical requirements for Net-Centric military operations to include 1) DISR mandated GIG IT standards and profiles identified in the TV-1, 2) DISR mandated

	GIG KIPs identified in the KIP declaration table, 3) NCOW RM Enterprise Services 4) IA requirements including availability, integrity, authentication, confidentiality, and nonrepudiation, and issuance of an ATO by the DAA, And 5) Operationally effective information exchanges; and mission critical performance and IA attributes, data correctness, data availability, and consistent data processing specified in the applicable joint and system integrated architecture views.	GIG KIPs identified in the KIP declaration table, 3) NCOW RM Enterprise Services 4) IA requirements including availability, integrity, authentication, confidentiality, and nonrepudiation, and issuance of an ATO by the DAA, And 5) Operationally effective information exchanges; and mission critical performance and IA attributes, data correctness, data availability, and consistent data processing specified in the applicable joint and system integrated architecture views.	mandated GIG KIPs identified in the KIP declaration table, 3) NCOW RM Enterprise Services 4) IA requirements including availability, integrity, authentication, confidentiality, and nonrepudiation, and issuance of an IATO by the DAA, and 5) Operationally effective information exchanges; and mission critical performance and IA attributes, data correctness, data availability, and consistent data processing specified in the applicable joint and system integrated architecture views.		GIG KIPs identified in the KIP declaration table, 3) NCOW RM Enterprise Services 4) IA requirements including availability, integrity, authentication, confidentiality, and nonrepudiation, and issuance of an ATO by the DAA, And 5) Operationally effective information exchanges; and mission critical performance and IA attributes, data correctness, data availability, and consistent data processing specified in the applicable joint and system integrated architecture views.
Materiel Availability	0.712	0.712	0.64	TBD	0.712
Systems Training (Core Crew)	Trained-to-Certify at all Team (Watch	Trained-to-Certify at all Team (Watch	Trained-to-Qualify at individual level	TBD	Trained-to-Qualify at individual level

	Section) levels	Section) levels	(billet/watch station)		(billetWatch station)

Requirements Source:
Littoral Combat Ship (LCS) Flight 0 Capability Development Document (CDD), Joint Requirements Oversight Council Memorandum (JROCM) 083-04, May 25, 2004 LCS Flight 0+ Capability Development Document (CDD), JROCM 126-08, June 17, 2008

Acronyms And Abbreviations

ATO - Authority to Operate
DAA - Designated Approval Authority
DISR - DoD IT Standards Registry
FT - Feet
GIG - Global Information Grid
IA - Information Assurance
IATO - Interim Authority to Operate
IT - Information Technology
KIP - Key Interface Profile
KTS - Knots
MT - Metric Ton
NCOW RM - Net-Centric Operations Warfare Reference Model
NM - Nautical Miles
TV - Technical View

Change Explanations

None

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

Track To Budget

RDT&E				
APPN 1319	BA 04	PE 0603581N	(Navy)	
	Project 3096	Littoral Combat Ship/Littoral Combat Ship Development	(Shared)	
	Project 4018	Littoral Combat Ship/Littoral Combat Ship Construction		
	Project 9999	Littoral Combat Ship/Revised Acquisition Strategy	(Shared)	(Sunk)
	Congressional Add			
Procurement				
APPN 1611	BA 02	PE 0204230N	(Navy)	
	ICN 2127	Littoral Combat Ship		
APPN 1611	BA 05	PE 0204230N	(Navy)	
	ICN 5110	Outfitting/Post Delivery	(Shared)	
APPN 1810	BA 01	PE 0204230N	(Navy)	
	ICN 0944	LCS Class Equipment		
	ICN 1320	Seaframe LCS Training	(Shared)	
MILCON				
APPN 1205	BA 01	PE 0203176N	(Navy)	
	Project 00245500	LCS Training Facility	(Shared)	
APPN 1205	BA 03	PE 0901211N	(Navy)	
	Project 64482044	Planning	(Shared)	

Cost and Funding

Cost Summary

Total Acquisition Cost and Quantity

	BY2010 $M			BY2010 $M	TY $M		
Appropriation	SAR Baseline Dev Est	Current APB Development Objective/Threshold		Current Estimate	SAR Baseline Dev Est	Current APB Development Objective	Current Estimate
RDT&E	3433.3	3433.3	3776.6	3391.4	3481.7	3481.7	3457.3
Procurement	28369.2	28369.2	31206.1	27083.4	33720.5	33720.5	33746.6
Flyaway	28369.2	--	--	27083.4	33720.5	--	33746.6
Recurring	28090.9	--	--	27083.4	33401.8	--	33746.6
Non Recurring	278.3	--	--	0.0	318.7	--	0.0
Support	0.0	--	--	0.0	0.0	--	0.0
Other Support	0.0	--	--	0.0	0.0	--	0.0
Initial Spares	0.0	--	--	0.0	0.0	--	0.0
MILCON	208.5	208.5	229.4	202.7	236.6	236.6	236.6
Acq O&M	0.0	0.0	--	0.0	0.0	0.0	0.0
Total	32011.0	32011.0	N/A	30677.5	37438.8	37438.8	37440.5

Confidence Level For the Current APB Cost is 50% - Cost and Funding data represented in this SAR supports the LCS Milestone B Defense Acquisition Board decisions as approved in February 2011 and represents a 50 percent confidence level when considering 27 of the 55 ships of the LCS Seaframe Program will be funded outside the 2013 Future Years Defense Program (FYDP) budget submission.

The estimate to support this program, like most cost estimates, is 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 we have been successful.

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 about as likely the estimate will prove too low or too high for the program as described.

Quantity	SAR Baseline Dev Est	Current APB Development	Current Estimate
RDT&E	2	2	2
Procurement	53	53	53
Total	55	55	55

Cost and Funding

Funding Summary

Appropriation and Quantity Summary
FY2013 President's Budget / December 2011 SAR (TY$ M)

Appropriation	Prior	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	To Complete	Total
RDT&E	2237.4	145.1	233.6	247.6	116.0	39.6	40.3	397.7	3457.3
Procurement	3842.4	1825.0	1886.3	1949.9	2065.6	1201.4	1190.0	19786.0	33746.6
MILCON	0.0	0.0	62.8	0.0	0.0	0.0	0.0	173.8	236.6
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2013 Total	6079.8	1970.1	2182.7	2197.5	2181.6	1241.0	1230.3	20357.5	37440.5
PB 2012 Total	6364.1	2022.0	2049.3	2125.1	2132.7	1799.0	2502.3	18444.3	37438.8
Delta	-284.3	-51.9	133.4	72.4	48.9	-558.0	-1272.0	1913.2	1.7

Quantity	Undistributed	Prior	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	To Complete	Total
Development	2	0	0	0	0	0	0	0	0	2
Production	0	6	4	4	4	4	2	2	27	53
PB 2013 Total	2	6	4	4	4	4	2	2	27	55
PB 2012 Total	2	6	4	4	4	4	3	3	25	55
Delta	0	0	0	0	0	0	-1	-1	2	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
2003	--	--	--	--	--	--	35.8
2004	--	--	--	--	--	--	116.8
2005	--	--	--	--	--	--	369.8
2006	--	--	--	--	--	--	384.5
2007	--	--	--	--	--	--	573.1
2008	--	--	--	--	--	--	200.9
2009	--	--	--	--	--	--	197.4
2010	--	--	--	--	--	--	260.1
2011	--	--	--	--	--	--	99.0
2012	--	--	--	--	--	--	145.1
2013	--	--	--	--	--	--	233.6
2014	--	--	--	--	--	--	247.6
2015	--	--	--	--	--	--	116.0
2016	--	--	--	--	--	--	39.6
2017	--	--	--	--	--	--	40.3
2018	--	--	--	--	--	--	26.3
2019	--	--	--	--	--	--	31.5
2020	--	--	--	--	--	--	42.8
2021	--	--	--	--	--	--	43.4
2022	--	--	--	--	--	--	32.6
2023	--	--	--	--	--	--	23.0
2024	--	--	--	--	--	--	31.2
2025	--	--	--	--	--	--	43.5
2026	--	--	--	--	--	--	44.1
2027	--	--	--	--	--	--	32.4
2028	--	--	--	--	--	--	23.3
2029	--	--	--	--	--	--	23.6
Subtotal	**2**	**--**	**--**	**--**	**--**	**--**	**3457.3**

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

Fiscal Year	Quantity	End Item Recurring Flyaway BY 2010 $M	Non End Item Recurring Flyaway BY 2010 $M	Non Recurring Flyaway BY 2010 $M	Total Flyaway BY 2010 $M	Total Support BY 2010 $M	Total Program BY 2010 $M
2003	--	--	--	--	--	--	41.1
2004	--	--	--	--	--	--	130.5
2005	--	--	--	--	--	--	402.7
2006	--	--	--	--	--	--	406.1
2007	--	--	--	--	--	--	590.8
2008	--	--	--	--	--	--	203.4
2009	--	--	--	--	--	--	197.3
2010	--	--	--	--	--	--	256.1
2011	--	--	--	--	--	--	95.6
2012	--	--	--	--	--	--	137.8
2013	--	--	--	--	--	--	218.2
2014	--	--	--	--	--	--	227.3
2015	--	--	--	--	--	--	104.6
2016	--	--	--	--	--	--	35.1
2017	--	--	--	--	--	--	35.1
2018	--	--	--	--	--	--	22.5
2019	--	--	--	--	--	--	26.4
2020	--	--	--	--	--	--	35.3
2021	--	--	--	--	--	--	35.2
2022	--	--	--	--	--	--	25.9
2023	--	--	--	--	--	--	18.0
2024	--	--	--	--	--	--	24.0
2025	--	--	--	--	--	--	32.8
2026	--	--	--	--	--	--	32.7
2027	--	--	--	--	--	--	23.6
2028	--	--	--	--	--	--	16.7
2029	--	--	--	--	--	--	16.6
Subtotal	**2**	**--**	**--**	**--**	**--**	**--**	**3391.4**

Research, Development, Test, and Evaluation (RDT&E) for the LCS Seaframe Program includes the detail design and construction of two Flight 0 ships in addition to the program development, test and evaluation, and sustained engineering.

Annual Funding TY$
1611 | Procurement | Shipbuilding and Conversion, 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
2006	--	500.0	--	--	500.0	--	500.0
2007	--	--	--	--	--	--	--
2008	--	--	--	--	--	--	--
2009	2	1017.0	--	--	1017.0	--	1017.0
2010	2	1079.3	--	--	1079.3	--	1079.3
2011	2	1246.1	--	--	1246.1	--	1246.1
2012	4	1804.3	--	--	1804.3	--	1804.3
2013	4	1845.8	--	--	1845.8	--	1845.8
2014	4	1895.7	--	--	1895.7	--	1895.7
2015	4	2013.6	--	--	2013.6	--	2013.6
2016	2	1146.8	--	--	1146.8	--	1146.8
2017	2	1106.0	--	--	1106.0	--	1106.0
2018	2	1692.4	--	--	1692.4	--	1692.4
2019	2	1339.2	--	--	1339.2	--	1339.2
2020	2	1326.4	--	--	1326.4	--	1326.4
2021	2	1749.2	--	--	1749.2	--	1749.2
2022	2	1218.7	--	--	1218.7	--	1218.7
2023	2	1205.3	--	--	1205.3	--	1205.3
2024	2	1204.8	--	--	1204.8	--	1204.8
2025	2	1883.8	--	--	1883.8	--	1883.8
2026	2	1280.1	--	--	1280.1	--	1280.1
2027	2	1303.2	--	--	1303.2	--	1303.2
2028	2	1291.8	--	--	1291.8	--	1291.8
2029	2	1653.8	--	--	1653.8	--	1653.8
2030	2	1509.1	--	--	1509.1	--	1509.1
2031	1	810.6	--	--	810.6	--	810.6
2032	--	101.3	--	--	101.3	--	101.3
2033	--	116.7	--	--	116.7	--	116.7
2034	--	60.8	--	--	60.8	--	60.8
Subtotal	**53**	**33401.8**	**--**	**--**	**33401.8**	**--**	**33401.8**

Annual Funding BY$
1611 | Procurement | Shipbuilding and Conversion, Navy

Fiscal Year	Quantity	End Item Recurring Flyaway BY 2010 $M	Non End Item Recurring Flyaway BY 2010 $M	Non Recurring Flyaway BY 2010 $M	Total Flyaway BY 2010 $M	Total Support BY 2010 $M	Total Program BY 2010 $M
2006	--	535.8	--	--	535.8	--	535.8
2007	--	--	--	--	--	--	--
2008	--	--	--	--	--	--	--
2009	2	984.7	--	--	984.7	--	984.7
2010	2	1020.2	--	--	1020.2	--	1020.2
2011	2	1155.4	--	--	1155.4	--	1155.4
2012	4	1644.5	--	--	1644.5	--	1644.5
2013	4	1653.7	--	--	1653.7	--	1653.7
2014	4	1668.7	--	--	1668.7	--	1668.7
2015	4	1741.1	--	--	1741.1	--	1741.1
2016	2	974.1	--	--	974.1	--	974.1
2017	2	922.8	--	--	922.8	--	922.8
2018	2	1387.1	--	--	1387.1	--	1387.1
2019	2	1078.2	--	--	1078.2	--	1078.2
2020	2	1049.0	--	--	1049.0	--	1049.0
2021	2	1359.0	--	--	1359.0	--	1359.0
2022	2	930.1	--	--	930.1	--	930.1
2023	2	903.6	--	--	903.6	--	903.6
2024	2	887.2	--	--	887.2	--	887.2
2025	2	1362.7	--	--	1362.7	--	1362.7
2026	2	909.7	--	--	909.7	--	909.7
2027	2	909.7	--	--	909.7	--	909.7
2028	2	885.8	--	--	885.8	--	885.8
2029	2	1114.0	--	--	1114.0	--	1114.0
2030	2	998.5	--	--	998.5	--	998.5
2031	1	526.9	--	--	526.9	--	526.9
2032	--	64.7	--	--	64.7	--	64.7
2033	--	73.2	--	--	73.2	--	73.2
2034	--	37.5	--	--	37.5	--	37.5
Subtotal	**53**	**26777.9**	**--**	**--**	**26777.9**	**--**	**26777.9**

Cost Quantity Information
1611 | Procurement | Shipbuilding and Conversion, Navy

Fiscal Year	Quantity	End Item Recurring Flyaway (Aligned with Quantity) BY 2010 $M
2006	--	--
2007	--	--
2008	--	--
2009	2	1610.0
2010	2	1077.4
2011	2	1146.7
2012	4	1796.9
2013	4	1747.9
2014	4	1780.0
2015	4	1809.0
2016	2	1011.0
2017	2	885.5
2018	2	1322.2
2019	2	1050.1
2020	2	1012.1
2021	2	1314.2
2022	2	891.9
2023	2	906.8
2024	2	896.4
2025	2	1312.7
2026	2	896.3
2027	2	870.3
2028	2	884.1
2029	2	1083.4
2030	2	1000.0
2031	1	473.0
2032	--	--
2033	--	--
2034	--	--
Subtotal	**53**	**26777.9**

Annual Funding TY$
1810 | Procurement | Other 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
2012	--	--	20.7	--	20.7	--	20.7
2013	--	--	40.5	--	40.5	--	40.5
2014	--	--	54.2	--	54.2	--	54.2
2015	--	--	52.0	--	52.0	--	52.0
2016	--	--	54.6	--	54.6	--	54.6
2017	--	--	84.0	--	84.0	--	84.0
2018	--	--	38.8	--	38.8	--	38.8
Subtotal	**--**	**--**	**344.8**	**--**	**344.8**	**--**	**344.8**

Annual Funding BY$
1810 | Procurement | Other Procurement, Navy

Fiscal Year	Quantity	End Item Recurring Flyaway BY 2010 $M	Non End Item Recurring Flyaway BY 2010 $M	Non Recurring Flyaway BY 2010 $M	Total Flyaway BY 2010 $M	Total Support BY 2010 $M	Total Program BY 2010 $M
2012	--	--	19.5	--	19.5	--	19.5
2013	--	--	37.4	--	37.4	--	37.4
2014	--	--	49.2	--	49.2	--	49.2
2015	--	--	46.4	--	46.4	--	46.4
2016	--	--	47.9	--	47.9	--	47.9
2017	--	--	72.3	--	72.3	--	72.3
2018	--	--	32.8	--	32.8	--	32.8
Subtotal	**--**	**--**	**305.5**	**--**	**305.5**	**--**	**305.5**

Annual Funding TY$
1205 | MILCON | Military Construction, Navy and Marine Corps

Fiscal Year	Total Program TY $M
2013	62.8
2014	--
2015	--
2016	--
2017	--
2018	173.8
Subtotal	**236.6**

Annual Funding BY$
1205 | MILCON | Military Construction, Navy and Marine Corps

Fiscal Year	Total Program BY 2010 $M
2013	57.4
2014	--
2015	--
2016	--
2017	--
2018	145.3
Subtotal	**202.7**

Low Rate Initial Production

	Initial LRIP Decision	Current Total LRIP
Approval Date	2/18/2011	2/18/2011
Approved Quantity	24	24
Reference	ADM	ADM
Start Year	2005	2005
End Year	2015	2015

The current total Low Rate Initial Production (LRIP) quantity is more than 10% of the total production quantity due to the Milestone B decision that includes the ships through FY 2015 in order to cover the LCS Seaframe program requirements up to the Full Rate Production (FRP) acquisition decision planned for FY 2015.

The LRIP decision of 24 ships includes two ships procured with Research, Development, Test and Evaluation (RDT&E), two ships procured in FY 2009, and the 20 ships being procured in a block buy arrangement in FY 2010 through FY 2015.

Foreign Military Sales

None

Nuclear Cost

None

Unit Cost

Unit Cost Report

Unit Cost	BY2010 $M Current UCR Baseline (APR 2011 APB)	BY2010 $M Current Estimate (DEC 2011 SAR)	BY % Change
Program Acquisition Unit Cost (PAUC)			
Cost	32008.2	30677.5	
Quantity	55	55	
Unit Cost	581.967	557.773	-4.16
Average Procurement Unit Cost (APUC)			
Cost	28369.2	27083.4	
Quantity	53	53	
Unit Cost	535.268	511.008	-4.53

Unit Cost	BY2010 $M Original UCR Baseline (APR 2011 APB)	BY2010 $M Current Estimate (DEC 2011 SAR)	BY % Change
Program Acquisition Unit Cost (PAUC)			
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Average Procurement Unit Cost (APUC)			
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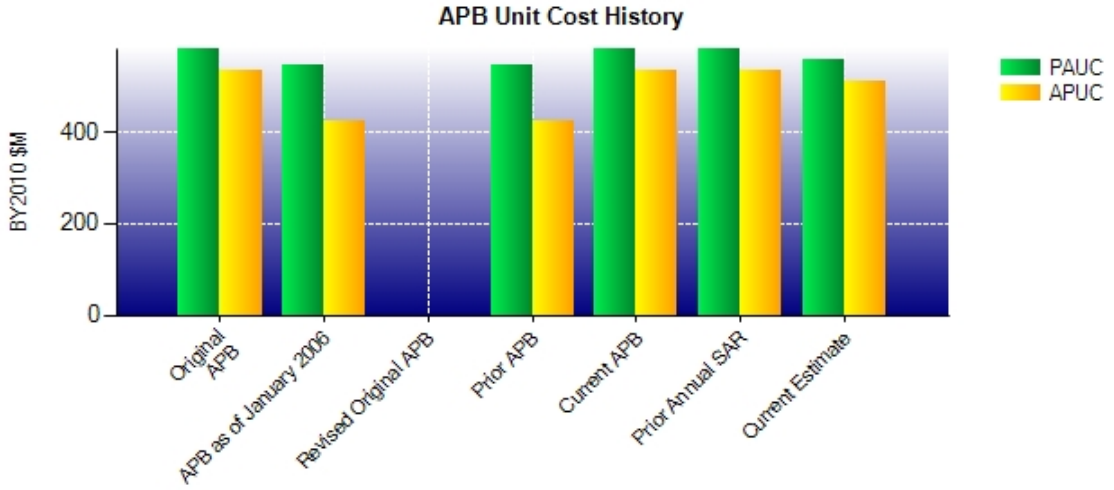
Unit Cost History



		BY2010 $M		TY $M	
	Date	PAUC	APUC	PAUC	APUC
Original APB	APR 2011	582.018	535.268	680.705	636.236
APB as of January 2006	MAY 2004	547.200	424.450	502.925	400.000
Revised Original APB	N/A	N/A	N/A	N/A	N/A
Prior APB	MAY 2004	547.200	424.450	502.925	400.000
Current APB	APR 2011	582.018	535.268	680.705	636.236
Prior Annual SAR	DEC 2010	581.760	535.170	680.705	636.236
Current Estimate	DEC 2011	557.773	511.008	680.736	636.728

SAR Unit Cost History

Current SAR Baseline to Current Estimate (TY $M)

Initial PAUC Dev Est	Changes								PAUC Current Est
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
680.705	21.895	0.000	9.233	0.000	-31.097	0.000	0.000	0.031	680.736

Current SAR Baseline to Current Estimate (TY $M)

Initial APUC Dev Est	Changes								APUC Current Est
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
636.236	22.202	0.000	9.804	0.000	-31.513	0.000	0.000	0.493	636.728

SAR Baseline History

Item/Event	SAR Planning Estimate (PE)	SAR Development Estimate (DE)	SAR Production Estimate (PdE)	Current Estimate
Milestone A	MAY 2004	MAY 2004	N/A	MAY 2004
Milestone B	JAN 2007	FEB 2011	N/A	FEB 2011
Milestone C	DEC 2010	JAN 2012	N/A	MAY 2012
IOC	OCT 2007	JAN 2014	N/A	JAN 2014
Total Cost (TY $M)	1211.7	37438.8	N/A	37440.5
Total Quantity	2	55	N/A	55
Prog. Acq. Unit Cost (PAUC)	605.850	680.705	N/A	680.736

Cost Variance

Cost Variance Summary

Summary Then Year $M				
	RDT&E	Proc	MILCON	Total
SAR Baseline (Dev Est)	3481.7	33720.5	236.6	37438.8
Previous Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	--	--	--
Engineering	--	--	--	--
Estimating	--	--	--	--
Other	--	--	--	--
Support	--	--	--	--
Subtotal	--	--	--	--
Current Changes				
Economic	+22.0	+1176.7	+5.5	+1204.2
Quantity	--	--	--	--
Schedule	-6.3	+519.6	-5.5	+507.8
Engineering	--	--	--	--
Estimating	-40.1	-1670.2	--	-1710.3
Other	--	--	--	--
Support	--	--	--	--
Subtotal	-24.4	+26.1	--	+1.7
Total Changes	-24.4	+26.1	--	+1.7
CE - Cost Variance	3457.3	33746.6	236.6	37440.5
CE - Cost & Funding	3457.3	33746.6	236.6	37440.5

Summary Base Year 2010 $M				
	RDT&E	Proc	MILCON	Total
SAR Baseline (Dev Est)	3433.3	28369.2	208.5	32011.0
Previous Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	--	--	--
Engineering	--	--	--	--
Estimating	-6.5	-5.2	-2.5	-14.2
Other	--	--	--	--
Support	--	--	--	--
Subtotal	-6.5	-5.2	-2.5	-14.2
Current Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	+0.9	--	-3.3	-2.4
Engineering	--	--	--	--
Estimating	-36.3	-1280.6	--	-1316.9
Other	--	--	--	--
Support	--	--	--	--
Subtotal	-35.4	-1280.6	-3.3	-1319.3
Total Changes	-41.9	-1285.8	-5.8	-1333.5
CE - Cost Variance	3391.4	27083.4	202.7	30677.5
CE - Cost & Funding	3391.4	27083.4	202.7	30677.5

Previous Estimate: December 2010

RDT&E	$M	
Current Change Explanations	**Base Year**	**Then Year**
Revised escalation indices. (Economic)	N/A	+22.0
Revised estimate for proper phasing of Research and Development activities. (Schedule)	+0.9	-6.3
Adjustment for current and prior escalation. (Estimating)	-4.2	-4.3
Revised estimate for Congressional reductions in FY 2011. (Estimating)	-17.6	-18.2
Adjustment to reflect the application of new outyear escalation indices. (Estimating)	-14.5	-17.6
RDT&E Subtotal	-35.4	-24.4

Procurement	$M	
Current Change Explanations	**Base Year**	**Then Year**
Revised escalation indices. (Economic)	N/A	+1176.7
Revised Navy 30 year shipbuilding plan. (Schedule)	0.0	+519.6
Adjustment for current and prior escalation. (Estimating)	-132.5	-142.3
Revised estimate for proper phasing of LCS trainer requirements. (Estimating)	+29.5	+21.1
Reductions due to Congressional action in FY 2011 and FY 2012. (Estimating)	-246.6	-266.0
Revised estimate for Seaframe pricing and phasing of requirement. (Estimating)	-931.0	-1283.0
Procurement Subtotal	-1280.6	+26.1

MILCON	$M	
Current Change Explanations	**Base Year**	**Then Year**
Revised escalation indices. (Economic)	N/A	+5.5
Revised estimate for proper phasing of Military Construction requirements. (Schedule)	-3.3	-5.5
MILCON Subtotal	-3.3	0.0

Contracts

Appropriation: Procurement

Contract Name	**Construction - LCS 3**
Contractor	Lockheed Martin
Contractor Location	2323 Eastern Blvd Baltimore, MD 21220
Contract Number, Type	N00024-09-C-2303/101, FPIF
Award Date	March 23, 2009
Definitization Date	March 23, 2009

Initial Contract Price ($M)			Current Contract Price ($M)			Estimated Price At Completion ($M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
383.2	450.4	1	393.1	461.9	1	391.6	393.1

Variance	Cost Variance	Schedule Variance
Cumulative Variances To Date	-5.7	-5.1
Previous Cumulative Variances	+11.1	-5.5
Net Change	-16.8	+0.4

Cost And Schedule Variance Explanations

The unfavorable net change in the cost variance is due to lower than expected performance as the ship progressed towards trials.

The favorable net change in the schedule variance is due to the completion of shipboard testing and compartment closeout as the ship prepares for delivery to the Navy.

Contract Comments

This contract is more than 90% complete; therefore, this is the final report for this contract.

The difference between the initial contract price target and the current contract price target is due to the execution of change order budget on the contract and the penalty for not awarding the FY 2010 ship on this contract.

This report contains the construction Contract Line Item Number (CLIN) 0101 only. It does not include the value of material reused from the FY 2006 terminated ship contracts.

Appropriation: Procurement

Contract Name	**Construction - LCS 4**
Contractor	General Dynamics
Contractor Location	700 Washington St Bath, ME 04530
Contract Number, Type	N00024-09-C-2302/101, FPIF
Award Date	May 01, 2009
Definitization Date	May 01, 2009

Initial Contract Price ($M)			Current Contract Price ($M)			Estimated Price At Completion ($M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
357.2	410.2	1	375.8	431.3	1	392.7	410.0

Variance	Cost Variance	Schedule Variance
Cumulative Variances To Date	-28.7	-18.8
Previous Cumulative Variances	-12.8	-14.8
Net Change	-15.9	-4.0

Cost And Schedule Variance Explanations

The unfavorable net change in the cost variance is due to the rework caused by the increase in unskilled labor required to meet the requirements of the multiple shipbuilding projects currently under construction in the shipyard.

The unfavorable net change in the schedule variance is due to the late development of work packages and construction drawings needed to support construction. This late development and release of drawings has resulted in a schedule slip of approximately nine months.

Contract Comments

The difference between the initial contract price target and the current contract price target is due to the execution of change order budget on the contract and the penalty for not awarding the FY 2010 ship on this contract.

This report contains the construction Contract Line Item Number (CLIN) 0101 only. It does not include the value of material reused from the FY 2006 terminated ship contracts.

Appropriation: Procurement

Contract Name	**Construction - LCS 5**
Contractor	Lockheed Martin
Contractor Location	2323 Eastern Blvd Baltimore, MD 21220
Contract Number, Type	N00024-11-C-2300/1, FPIF
Award Date	December 29, 2010
Definitization Date	December 29, 2010

Initial Contract Price ($M)			Current Contract Price ($M)			Estimated Price At Completion ($M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
436.8	498.1	1	438.6	499.7	1	431.6	438.6

Variance	Cost Variance	Schedule Variance
Cumulative Variances To Date	+0.3	-9.7
Previous Cumulative Variances	0.0	0.0
Net Change	+0.3	-9.7

Cost And Schedule Variance Explanations

The favorable net change in the cost variance is due to lower than budgeted expenditures.

The unfavorable net change in the schedule variance is due to material being time phased too early in the baseline.

Contract Comments

The difference between the initial contract price target and the current contract price target is due to the execution of change order budget on the contract.

Ceiling Price corrected from prior SAR.

Appropriation: Procurement

Contract Name	**Construction - LCS 6**
Contractor	Austal USA
Contractor Location	1 Dunlap Dr. Mobile, AL 36601
Contract Number, Type	N00024-11-C-2301/1, FPIF
Award Date	December 29, 2010
Definitization Date	December 29, 2010

Initial Contract Price ($M)			Current Contract Price ($M)			Estimated Price At Completion ($M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
432.0	480.4	1	432.1	480.4	1	432.1	432.1

Variance	Cost Variance	Schedule Variance
Cumulative Variances To Date	-3.5	-17.3
Previous Cumulative Variances	0.0	0.0
Net Change	-3.5	-17.3

Cost And Schedule Variance Explanations

The unfavorable net change in the cost variance is due to higher than anticipated material costs.

The unfavorable net change in the schedule variance is due to the late approval of the schedule baseline caused by the Production Readiness Review being conducted later than planned.

Contract Comments

The difference between the initial contract price target and the current contract price target is due to the execution of change order budget on the contract.

Ceiling Price corrected from prior SAR.

Appropriation: Procurement

Contract Name	**Construction - LCS 7**
Contractor	Lockheed Martin
Contractor Location	2323 Eastern Blvd Baltimore, MD 21220
Contract Number, Type	N00024-11-C-2300/2, FPIF
Award Date	March 17, 2011
Definitization Date	March 17, 2011

Initial Contract Price ($M)			Current Contract Price ($M)			Estimated Price At Completion ($M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
376.6	430.4	1	377.8	431.7	1	369.0	377.8

Variance	Cost Variance	Schedule Variance
Cumulative Variances To Date	+4.0	-0.7
Previous Cumulative Variances	--	--
Net Change	+4.0	-0.7

Cost And Schedule Variance Explanations

The favorable cumulative cost variance is due to lower than budgeted expenditures.

The unfavorable cumulative schedule variance is due to material being time phased too early in the baseline.

Contract Comments

The difference between the initial contract price target and the current contract price target is due to the execution of change order budget on the contract.

This is the first time this contract is being reported.

Appropriation: Procurement

Contract Name	**Construction - LCS 8**
Contractor	Austal USA
Contractor Location	1 Dunlap Dr Mobile, AL 36601
Contract Number, Type	N00024-11-C-2301/2, FPIF
Award Date	March 17, 2011
Definitization Date	March 17, 2011

Initial Contract Price ($M)			Current Contract Price ($M)			Estimated Price At Completion ($M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
368.6	405.7	1	368.6	405.7	1	368.6	368.6

Variance	Cost Variance	Schedule Variance
Cumulative Variances To Date	0.0	0.0
Previous Cumulative Variances	--	--
Net Change	+0.0	+0.0

Cost And Schedule Variance Explanations

None

Contract Comments

This is the first time this contract effort is being reported. Variance reporting will be provided upon completion of the Integrated Baseline Review (IBR). The baseline cost performance report for this contract effort has not yet been developed and delivered to the Government. Reporting will begin with the next SAR.

Deliveries and Expenditures

Deliveries To Date	Plan To Date	Actual To Date	Total Quantity	Percent Delivered
Development	2	2	2	100.00%
Production	0	0	53	0.00%
Total Program Quantities Delivered	2	2	55	3.64%

Expenditures and Appropriations (TY $M)			
Total Acquisition Cost	37440.5	Years Appropriated	10
Expenditures To Date	3484.8	Percent Years Appropriated	31.25%
Percent Expended	9.31%	Appropriated to Date	8049.9
Total Funding Years	32	Percent Appropriated	21.50%

LCS Seaframe deliveries and expenditures current as of January 31, 2012.

Operating and Support Cost

Assumptions And Ground Rules

a) 55 Seaframes with an average Service life of 25 years
b) 83 Crews (40 personnel: 8 Officers /32 Enlisted per crew)
c) Steaming Hours underway/not underway (4421 underway/718 not underway)
d) Defense Energy Support Center (DESC) Price of Fuel (Constant Year 2010) $117.60/barrel
e) Government Furnished Equipment (GFE) and Contractor Furnished Equipment (CFE) systems configurations are based on the equipment selected by each contractor

Costs BY2010 $M		
Cost Element	**LCS 55 Seaframes average annual cost per ship**	**No Antecedent N/A**
Unit-Level Manpower	7.4	--
Unit Operations	8.1	--
Maintenance	6.1	--
Sustaining Support	5.2	--
Continuing System Improvements	7.2	--
Indirect Support	2.6	--
Other	0.0	--
Total Unitized Cost (Base Year 2010 $)	36.6	--

Total O&S Costs $M	LCS	No Antecedent
Base Year	50479.0	--
Then Year	87089.3	--

Source of estimate is the Navy Service Cost Position and the OSD Independent Cost Estimate developed and approved in support of the LCS Seaframe Milestone B decision in February, 2011.

There is no Antecedent for LCS.

The difference between total Operating and Support (O&S) cost and the average annual cost per ship is approximately $145 million of disposal costs for 55 ships. The additional nine million difference is attributable to a small variance in the calculation of the annual cost per hull.