The Lockheed Martin LCS Team: Full Speed Ahead

Ensuring LCS Crew and Ship Readiness Affordably, Efficiently and On-Schedule

Lockheed Martin
Mission Systems & Sensors (MS2)
300 M Street, SE
Washington, DC 20003
www.lmlcsteam.com

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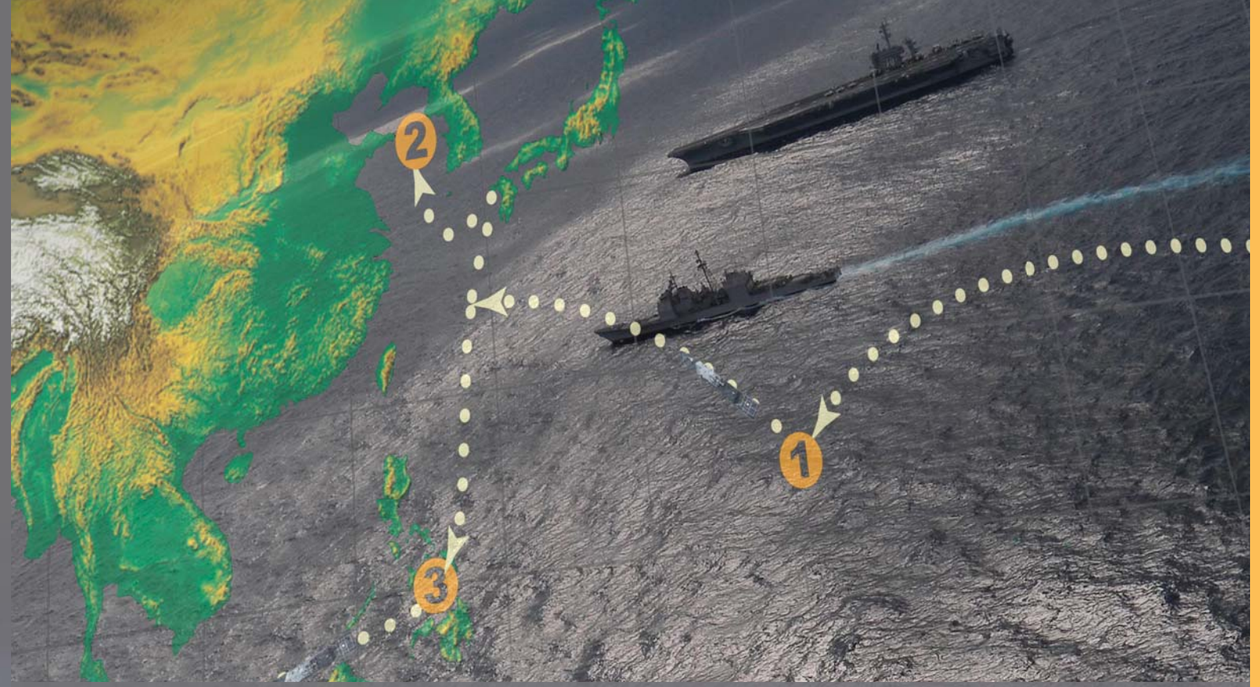


LOCKHEED MARTIN
We never forget who we're working for™

Littoral Combat Ship Sustainment

Ensuring Affordable Readiness for the Next Mission

With an emphasis on affordability and flexibility, the Lockheed Martin-led industry team successfully delivered a first-in-class surface combatant – USS Freedom, the nation's first littoral combat ship – and deployed her two years early. Since USS Freedom's commissioning, Lockheed Martin has supported her sustainment by implementing a new, integrated approach to sea frame support. This new method drives down sustainment costs and ensures each LCS is ready for all operational needs – affordably, efficiently and on schedule.

Supplier Support: Performance-Based for Best Value

Throughout the interim sustainment period, the Lockheed Martin-led LCS team has been building the foundation for smooth transition to a performance-based environment. We've competed maintenance and supply support vendors to ensure the Navy achieves maximum affordability. By selecting the most qualified, cost-effective suppliers to address inventory and spares management and obsolescence, we are driving down costs in areas like transportation, upkeep and storage.

Maintenance and Repair: A Collaborative Approach

Using a tiered engineering model, Lockheed Martin supports the off-boarding of maintenance requirements for planning and execution by a joint team of government and industry experts. The team shares people, tools and processes to ensure the most efficient and affordable solution is implemented. Approach features:

- *Technical Teams:* Joint government and industry engineering forces conduct planning and lead yard activity for greater effectiveness
- *Production Changes:* Integrated teams perform corrective, preventative and facilities maintenance simultaneously to minimize schedule impact
- *Data Analysis:* Automated sustainment capability gathers data and provides it to specialists offshore for analysis and assistance with recommendations

U.S. Navy Photograph

U.S. Navy Photograph

A Creative Culture Drives Performance

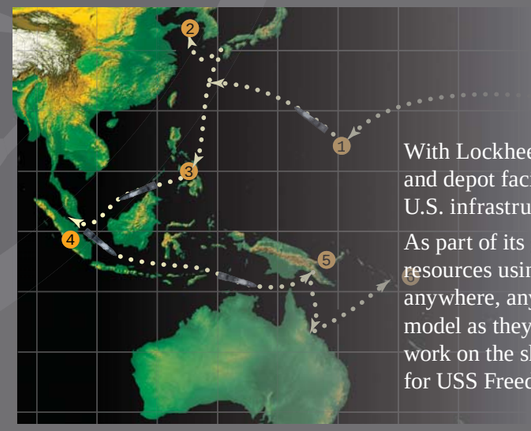
Lockheed Martin takes every opportunity – in its systems engineering approach to sustainment – to innovate and proactively propose solutions for continuous improvement. We've leveraged best practices from all major defense programs and incorporated them into our LCS sustainment model. Examples include:

- Incorporate an Open Business Model that brings flexibility and agility while driving down costs
- Maximize competition for best, most affordable supply and service providers and award additional business to companies based on performance
- Leverage local workforces to maximize efficiency and enhance customer's base
- Recommend modifications to, while working within, the Navy modernization programs
- Integration of multiple maintenance disciplines ensuring optimized availability scheduling

Training: Ensuring Crew Readiness

To support the hybrid sailor's complex duties and qualifications, we offer a holistic approach to full-spectrum training, with various approaches to learning. For the LCS program, we delivered a shore-based trainer ahead of schedule and under budget, as well as vendor-specific and mobile training capability.

We drive affordability with our systems engineering training approach by using a single set of hardware to train multiple platforms, hull, mechanical and electrical and weapon systems and scenarios to bring enhanced realism to trainees.



Continuous Support: Flexible Maintenance Worldwide

With Lockheed Martin's global network of industrial partners' maintenance and depot facilities, the LCS can be serviced in areas not fully supported by U.S. infrastructure.

As part of its global maintenance model, Lockheed Martin forward-deploys resources using its reliable global transportation system so support is available anywhere, anytime. Portable maintenance modules are a critical piece of this model as they provide local teams with necessary parts and infrastructure to work on the ship from any port. This approach has already proven successful for USS Freedom in Panama.

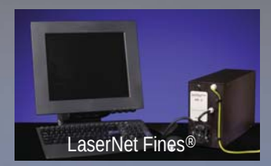
Enterprise Logistics: Streamlined by Automation

A cornerstone to affordability is condition-based maintenance (CBM) – servicing equipment only when necessary. Lockheed Martin is establishing the foundation for extensive CBM implementation in the near future. We have developed user-friendly tools that analyze volumes of data related to ship, material and equipment conditions to help crews on- and off-board determine where their attention is needed most – ultimately increasing efficiency and decreasing cost.

These tools include:

- Oculus-X™: remote machinery monitoring
- LaserNet Fines®: laser-imaging fluid analysis device
- Sustainment Portal: web-based IT support tracking service
- "Maintenance in a Box": portable repair facilities

Oculus-X™



LaserNet Fines®

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