

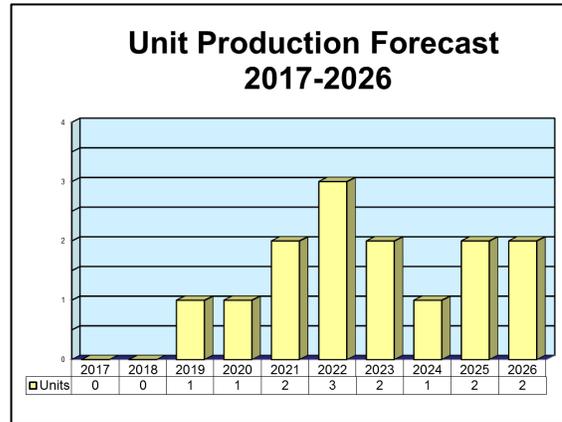
ARCHIVED REPORT

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UYQ-70

Outlook

- Recent information regarding the UYQ-70 is almost nonexistent
- No recent contracts have been awarded for the system
- Most UYQ-70 sales are expected to come in the second half of the decade



Orientation

Description. The UYQ-70 is a combat computer system with a display that is designed as a workstation. The system integrates data from combat command and control systems to provide a picture of the battlespace. It can be installed on airborne, surface, and submarine platforms.

Status. Available for sale; in service; ongoing operation, maintenance, and research.

Application. Command and control.

Price Range. Approximately \$500,000. This figure is speculative.

Sponsor

Naval Sea Systems Command (NAVSEA)
 2531 Jefferson Davis Hwy
 Arlington, VA 22202
 USA
 Tel: + 1 (703) 602-0336

Contractors

Prime

| | |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lockheed Martin Corp | http://www.lockheedmartin.com , 6801 Rockledge Dr, Bethesda, MD 20817 United States, Tel: + 1 (301) 897-6000, Fax: + 1 (301) 897-6704, Prime |
| DRS Technologies Inc | http://www.leonardodrs.com , 2345 Crystal Dr, Ste 1000, Arlington, VA 22202 United States, Tel: + 1 (703) 416-8000, Email: info@drs.com , Consortium Member |

Contractors are invited to submit updated information to Editor, International Contractors, Forecast International, 22 Commerce Road, Newtown, CT 06470, USA; rich.pettibone@forecast1.com

UYQ-70**Technical Data**

The UYQ-70 (Q-70) workstation is based on an open systems architecture that uses commercial off-the-shelf (COTS) components for mission-critical functions.

This tactical display and computing system supports the common operating environment implemented in surface, subsurface, land, and airborne platforms.

The Q-70 uses processors that are object-code compatible and support open-system evolutionary products. The processors possess integrated mass storage options.

The Q-70 employs high-resolution combat support graphics and video capabilities. Radar scan capabilities have been incorporated into the system. Its multimedia capabilities, advanced video bus technologies, and video compression bring state-of-the-art display capabilities into mainstream military applications. The Q-70 provides full software compatibility between onboard systems and across platforms for shipboard and airborne applications.

The system is available in three configurations: a basic combat system console, a rack-mounted console, and an unattended equipment rack.

Program Review

The first UYQ-70 contract was awarded to Unisys Defense Systems in 1994 (Unisys was eventually bought out by Loral Defense Systems, and Loral was later acquired by Lockheed Martin).

Shortly thereafter, Lockheed Martin, DRS Technologies, and Raytheon Co (then Hughes Naval and Maritime Systems) formed the UYQ-70 (Q-70) team. Currently, this team consists of Lockheed Martin and DRS Technologies. Sharing in the Q-70 production and life-cycle engineering tasks are Lockheed as the prime contractor and DRS as the principal subcontractor.

In 1996 and 1997, DRS Technologies received three Q-70 contracts (all subcontracts from Lockheed). In 1999, Lockheed Martin received a \$160 million contract from the U.S. Navy to supply Q-70 systems. Lockheed completed the contract work in January 2001. In February 2002, Lockheed announced that it had delivered its 2,500th Q-70 tactical display and computing system to the U.S. Navy.

Lockheed announced in February 2004 that it had awarded DRS Technologies a series of contracts (worth \$56.4 million) to provide production, spares, and engineering services for the U.S. Navy's Q-70 advanced display systems. Lockheed announced in June 2004 that it had granted DRS a series of contracts for the Q-70 advanced display system, valued at \$31 million.

Lockheed Martin awarded DRS Technologies multiple contracts for new orders to provide production, spares, and engineering services for the Navy's Q-70 system in May 2005. In September 2005, the Navy awarded Lockheed a \$10.01 million delivery order under a previously awarded contract (N00024-98-D-5202) for

the replacement or repair of spares that compose the Q-70.

This order, executed under the U.S. Foreign Military Sales program, combined purchases between the U.S. Navy and the governments of Australia, Egypt, Japan, Korea, Spain, and Taiwan. Lockheed's work under the order was completed in March 2006.

In both September 2006 and July 2007, the U.S. Navy placed a delivery order under a previously awarded contract for logistics support of the Q-70. The July 2007 delivery order was valued at \$13.89 million.

On July 22, 2008, the U.S. Navy awarded Lockheed Martin a delivery order under a previously awarded contract (N00024-98-D-5202) for logistics support of the Q-70 advanced display system. This delivery order was valued at approximately \$7.81 million.

In December 2008, the U.S. Navy awarded Lockheed Martin a modification to a previously awarded Q-70 contract (N00024-05-D-5130). Work under the contract modification was scheduled to be completed in August 2010.

Lockheed Martin announced on March 11, 2009, that it had received a contract from the U.S. Navy to provide logistics support for the Q-70 advanced display system.

The contract provides Q-70 logistics and supply support valued at over \$13 million a year for the first two years of the contract, with options for additional support over the next four years that could bring the total potential contract value to \$72 million. If all options were exercised, contract work would continue until 2014.

Lockheed Martin stated in March 2011 that it had delivered the 8,000th Q-70 combat console suite to the U.S. Navy.

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In March 2013, the U.S. Navy gave Lockheed Martin a delivery order under a previously awarded basic ordering agreement for the repair of parts for the Q-70 advanced display and processor systems. Work was to be performed at 35 locations throughout the United States and was expected to be completed by March 2014.

In September 2013, the U.S. Navy granted Lockheed Martin a delivery order against a previously awarded basic ordering agreement for the repair of parts used in the Q-70 advanced display system and the Navy's current generation of COTS display and processor systems.

In June 2014, the U.S. Navy awarded Lockheed Martin a delivery order under a previously awarded basic ordering agreement for the repair of the Q-70 advanced display system.

In March 2015, the U.S. Navy awarded Lockheed Martin a not-to-exceed \$9,078,625 delivery order under a previously awarded basic ordering agreement for repair of the Q-70 and the Navy's current generation of COTS display and processor systems for tactical and C4I applications. Work was expected to be completed by April 2016.

The U.S. Navy awarded Lockheed Martin a Q-70 operations and maintenance contract in both January and February 2016.

Funding

Development and production of the UYQ-70 is funded by revenue generated from sales of the system.

Contracts/Orders & Options

| <u>Contractor</u> | <u>Award (\$ millions)</u> | <u>Date/Description</u> |
|-------------------|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lockheed Martin | 525.60 | Dec 2008 – Modification to a previously awarded contract for UYQ-70 advanced display systems. Work was expected to be completed by Aug 2010. The Naval Undersea Warfare Center Division, Keyport, WA, was the contracting activity. (N00024-05-D-5130) |
| Lockheed Martin | 72.00 | Mar 2009 – A six-year contract (a base of two years with options for an additional four years) from the U.S. Navy to provide performance-based logistics support for the UYQ-70 advanced display system. If option years were exercised, the contract would continue until 2014. |
| Lockheed Martin | 9.04 | Mar 2013 – The U.S. Navy awarded Lockheed Martin a delivery order (#1082) under a previously awarded basic ordering agreement (N00104-10-G-A109) for the repair of parts for the UYQ-70 advanced display and processor systems. Work was expected to be completed by Mar 2014. Fiscal 2013 Navy working capital funds in the amount of \$4,429,936 were obligated at time of the award. NAVSUP Weapon Systems Support, Mechanicsburg, PA, was the contracting activity. |
| Lockheed Martin | 6.64 | Sep 2013 – The U.S. Navy awarded Lockheed Martin a not-to-exceed \$6,638,440 delivery order (1114) against a previously awarded contract (N00104-10-G-A109) for the repair of parts used in the UYQ-70 advanced display system and the Navy's current generation of COTS display and processor systems for tactical and C4I applications for target acquisition and tracking, weapons control, theater air defense, anti-submarine warfare, battle group communication, and airborne surveillance and control. Work would be performed at 20 Lockheed Martin repair locations throughout the United States (90 percent) and Virginia Beach, VA (10 percent). Work was expected to be completed by Oct 2014. The NAVSUP Weapon Systems Support, Mechanicsburg, PA, was the contracting activity. |

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| <u>Contractor</u> | <u>Award (\$ millions)</u> | <u>Date/Description</u> |
|----------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lockheed Martin | 10.61 | Jun 2014 – The U.S. Navy awarded Lockheed Martin a not-to-exceed \$10,607,674 delivery order (1155) under a previously awarded contract (N00104-10-G-A109) for the repair of the UYQ-70 advanced display system used by processor systems for tactical and C4I applications for target acquisition and tracking, weapons control, theater air defense, anti-submarine warfare, battle group communication, and airborne surveillance and control. Work would be performed at various Lockheed Martin locations throughout the United States (90 percent) and Virginia Beach, VA (10 percent), and was expected to be completed by Apr 2015. The NAVSUP Weapon Systems Support, Mechanicsburg, PA, was the contracting activity. |
| Lockheed Martin | 9.08 | Mar 2015 – The U.S. Navy awarded Lockheed Martin a not-to-exceed \$9,078,625 delivery order (1195) under a previously awarded basic ordering agreement (N00104-10-G-A109) for repair of the UYQ-70 and the Navy's current generation of COTS display and processor systems for tactical and C4I applications, including target acquisition and tracking, weapons control, theater air defense, ASW, battle group communication, and airborne surveillance and control. Work was expected to be completed by Apr 2016. The NAVSUP Weapon Systems Support, Mechanicsburg, PA, was the contracting activity. (N00104-10-G-A-109) |
| Lockheed Martin | 7.14 | Jan 2016 – Lockheed Martin Corp was awarded a contract for advanced delivery order 1001 under previously awarded basic ordering agreement N00104-16-G-A100 for repair of a maximum of 1,263 parts used in the UYQ-70 system. Work is expected to be completed by May 2017. Fiscal 2016 working capital funds (Navy) in the amount of \$3,496,432 will be obligated at time of award and will not expire at the end of the current fiscal year. Naval Supply Systems Command Weapon Systems Support, Mechanicsburg, PA, is the contracting activity. |
| DRS and Lockheed Martin | 9.89 | Feb 2016 – DRS (N63394-16-G-0002) and Lockheed Martin (N63394-16-G-0001) were each awarded a cost-plus-fixed-fee basic ordering agreement as a follow-on to a previous multiple-award contract (N63394-16-G-1240). The agreement is for engineering services, overhaul, repair, and upgrade in support of the UYQ-70 advanced display system. The intent of this procurement is to provide necessary personnel, materials, and services to overhaul, repair, modify, upgrade, and/or maintain legacy parts, items, and components of the UYQ-70 advanced display systems equipment, and other associated test, ancillary, and support equipment. Work is expected to be completed by Feb 2018. No funding is being obligated at time of award. The Naval Surface Warfare Center, Port Hueneme, CA, is the contracting activity. |

Timetable

| <u>Year</u> | <u>Major Development</u> |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1994 | Original contract for UYQ-70 awarded to Unisys Defense Systems |
| 1997 | Technology infusion into the UYQ-70(V) investigated |
| 1998 | Development of UYQ-70 displays, processors, etc., for Q-70 Area TBMD baselines |
| 1999 | Technology infusion into the UYQ-70 investigated to meet emerging USN subsurface and airborne tactical display/processor requirements |
| 2000 | DRS Technologies awarded four UYQ-70 workstation contracts totaling \$102 million |
| 2001 | Retrofits for UYQ-70 submarine combat systems |
| 2002 | Lockheed Martin delivers its 2,500th UYQ-70 to U.S. Navy |
| 2004 | Lockheed awards DRS Technologies UYQ-70 contracts totaling over \$87 million |
| 2005 | Lockheed Martin awards DRS Technologies multiple contracts for new orders to provide production, spares, and engineering services for U.S. Navy's UYQ-70 |
| 2006 | U.S. Navy places delivery order under a previously awarded contract for logistics support of UYQ-70 |

UYQ-70

| Year | Major Development |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2007 | U.S. Navy places delivery order under a previously awarded contract for logistics support of UYQ-70 |
| 2008 | Lockheed Martin receives a delivery order from the U.S. Navy under a previously awarded contract for logistics support of UYQ-70 |
| 2009 | Lockheed Martin receives a contract from the U.S. Navy to provide logistics support for UYQ-70 |
| 2011 | Lockheed Martin delivers the 8,000th UYQ-70 to the U.S. Navy |
| 2013 | U.S. Navy awards Lockheed Martin a delivery order under a previously awarded basic ordering agreement for repair of parts for the UYQ-70 advanced display and processor systems |
| 2014 | U.S. Navy awards Lockheed Martin a delivery order under a previously awarded basic ordering agreement for repair of the UYQ-70 advanced display system |
| 2015 | U.S. Navy awards Lockheed Martin a delivery order under a previously awarded basic ordering agreement for repair of the UYQ-70 and the Navy's current generation of COTS display and processor systems for tactical and C4I applications |
| 2016 | U.S. Navy awards Lockheed Martin Corp a contract for advanced delivery order under a previously awarded basic ordering agreement for repair of a maximum of 1,263 parts used in the UYQ-70 system |

Worldwide Distribution/Inventories

The U.S. Navy uses the UYQ-70. However, Lockheed Martin's website states, "The Q-70 is also in naval systems in Australia, Germany, Japan, Norway, and Spain." No recent contract data has been disclosed supporting this information.

Forecast Rationale

The UYQ-70 is a combat computer system with a display that is designed as a workstation.

It integrates data from combat command and control systems to provide a picture of the battlespace, and can be installed on airborne, surface, and submarine platforms.

Recent information on the UYQ-70 system is almost nonexistent. The only information available is that the U.S. defense budget includes no operations and maintenance funding for the UYQ-70. In addition, no recent contracts have been awarded for the system.

Forecast International projects that there will be no sales of the UYQ-70 in the first two years of the forecast period. UYQ-70 production is expected to be sparse during the overall forecast period. Forecast International estimates that Lockheed will sell 14 UYQ-70 systems over the forecast period, with most of the sales coming in the second half of the decade.

With potential U.S. budget cuts, future UYQ-70 contracts will likely be for the operation and maintenance of existing systems.

Ten-Year Outlook

| ESTIMATED CALENDAR YEAR UNIT PRODUCTION | | | | | | | | | | | | |
|-------------------------------------------------------------|-----------------|------|------|------|-----------------|------|------|-------------|------|------|-------|------|
| Designation or Program | High Confidence | | | | Good Confidence | | | Speculative | | | Total | |
| | Thru 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | | 2026 |
| Lockheed Martin Corp (Prime) | | | | | | | | | | | | |
| UYQ-70 Military <> United States <> Navy | | | | | | | | | | | | |
| | 4,534 | 0 | 0 | 1 | 1 | 2 | 3 | 2 | 1 | 2 | 2 | 14 |
| Total | 4,534 | 0 | 0 | 1 | 1 | 2 | 3 | 2 | 1 | 2 | 2 | 14 |