



Navy Signs MOU to Transfer Ship Construction

The Navy announced today that it is signing a Memorandum of Understanding (MOU) with General Dynamics (GD) and Northrop Grumman Ship Systems (NGSS) to transfer ship construction between the two corporations' shipyards.

The MOU outlines the terms and conditions for transferring the construction of four LPD 17-Class amphibious transport dock ships from Bath Iron Works (BIW), a GD shipyard, to NGSS owned-Ingalls and Avondale shipyards in exchange for construction of four additional DDG 51-Class destroyers at Bath Iron Works. Under this plan, DDG 102, which was scheduled to be built at Ingalls, will be transferred to Bath Iron Works. LPD 19, in the initial stages of construction at Bath Iron Works, will be transferred to Northrop Grumman.

As a result of this agreement, the Navy is expected to realize significant net cost savings on these programs. The arrangement is anticipated to provide for increased LPD 17 program stability and cost savings by centralizing production at one shipbuilder—

NGSS—and improving workload stability at GD Bath Iron Works, which will build additional DDGs in its new, more efficient land-level facility.

Speaking about the agreement, Assistant Secretary of the Navy for Research, Development and Acquisition, John J. Young Jr. said, "The Navy and the shipbuilders have taken a bold step today. This shipbuilding transfer agreement will save the taxpayers money over the life of these two programs by dramatically reducing the cost and schedule risk in the LPD 17 program. The new fiscal 2002-2005 DDG multi-year contract's pricing and conditions were also negotiated in conjunction with the swap agreement. The signing of this MOU and the new DDG multi-year together stabilize the workload at three shipyards—Ingalls, Bath, and Avondale—and provide a solid plan for almost \$20 billion of Navy shipbuilding. This agreement is a win-win for both shipbuilders and the Navy."

Editor's Note: This information is in the public domain at <http://www.defenselink.mil/news>.

