

DEEPWATER

In Reply Refer To:
ICGS.07.244

530 Wilson Boulevard, Suite 400, Arlington Virginia 22209

27 June 2007

Ms. Pamela K. Bible
Contracting Officer
United States Coast Guard
Deepwater Systems Integration Project Office
1530 Wilson Blvd., Suite 400
Arlington, VA 22209

Subject: Revocation of Acceptance of Converted 110'/123' WPB Patrol Cutters

Reference: (a) United States Coast Guard Letter Serial #07-128 dated 17 May 2007
(b) Integrated Coast Guard Systems Letter 07.212 dated 23 May 2007
(c) United States Coast Guard Letter Serial #07-141 dated 5 June 2007

Dear Ms. Bible:

The reference (a) letter purported to "revoke" the Coast Guard's acceptance of eight 123' Patrol Cutters "due to hull buckling and shaft alignment issues which resulted in the decommissioning of all 8 cutters on April 17, 2007." In the Reference (b) response to this assertion, Integrated Coast Guard Systems (ICGS) stated that "ICGS does not consider the revocation of acceptance to be supported as a matter of fact or law."

In the reference (c) letter, the Coast Guard added to the alleged bases for revocation as follows: "[i]n addition to the hull buckling and shaft alignment problems identified in the May 17th letter, the revocation is also based on 110/123 Patrol Boat class wide issues, including nonconforming topside equipment, which remain unresolved to date." Attached to that letter was a list of 9 "class wide issues" including a separate list of allegedly "nonconforming topside equipment."

As in reference (b), ICGS again states in response to reference (c) that it does not consider the revocation of acceptance to be supported as a matter of fact or law. As you are aware, ICGS intended to submit a detailed response by June 29th to the allegations in reference (a). Given the additional bases for revocation subsequently identified by the Coast Guard in reference (c), ICGS now intends to provide a detailed response to both references (a) and (c) as promptly as circumstances permit.

ICGS notes parenthetically that certain items identified as bases for revocation of acceptance in reference (c) have been the subject of discussions by the 123' Program Contract Issues Close-out group. Whether it is appropriate to discuss those issues in the context of the program close-out in light of the reference (c) letter will require further analysis. Furthermore, ICGS notes that some or all of these issues were specifically referenced as "withholds" or open items in documentation accompanying the DD250 for one or more of the cutters in this class. This fact should be the basis for Coast Guard re-consideration of its position as stated in reference (c).

All correspondence relating to this matter should be directed to the undersigned at (571) 218-3236 or at kevin.oneill@owicgs.com.

Sincerely,



Kevin J. O'Neill
ICGS Director of Contracts

CC: D. Childress, M. Anderson, M. Haycock, F. Pierce, D. Olsson, T. Berdini, R. Conrad,
R. Davis, G. Good, D. Illuminate, D. Prebensen, E. Scott, F. Socko, R. Wharton

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