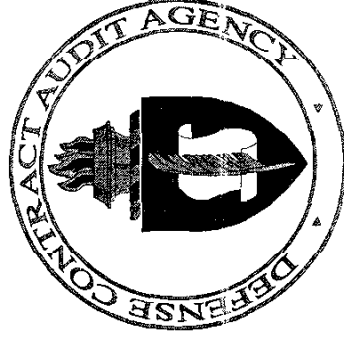


**Independent Research and Development
and Bid and Proposal Costs
Incurred by Major Defense Contractors
in the Years 1998 and 1999**



*** Prepared by ***

Defense Contract Audit Agency

Revised June 2001

This report presents the latest available Defense Contract Audit Agency (DCAA) statistics on the independent research and development (IR&D) and bid and proposal (B&P) costs allocated to defense contracts.

This report includes data on all contractors that meet either the DFAR 231.205-18(a)(iii) or the DCAA definition of a major contractor. These definitions are:

- DFAR 231.205-18(a)(iii):

Major contractor means any contractor whose covered segments allocated a total of more than \$11,000,000 in IR&D/B&P costs to covered contracts during the preceding fiscal year. For purposes of calculating the dollar threshold amounts to determine whether a contractor meets the definition of "major contractor," do not include contractor segments allocating less than \$1,100,000 of IR&D/B&P costs to covered contracts during the preceding fiscal year.

- DCAA definition of a major contractor:

In 1998 any contractor that had \$70,000,000 or more in annual auditable costs for the prior fiscal year or in 1999 any contractor that had \$80,000,000 or more in annual auditable costs for the prior fiscal year.

Contractors specifically excluded from this report are construction companies, educational institutions, foreign contractors and overseas operations of U.S. contractors, insurance companies, marine transport contractors, and military medical contractors, since these contracting activities generally incur nominal or no IR&D and B&P costs.

The IR&D and B&P cost data included in this report represents unaudited data obtained from the contractors accounting records. These costs will be audited during DCAA's annual audit of the contractor's incurred costs. The annual audit may disclose significant exceptions to the contractor's recorded IR&D and B&P cost data. The sales data was provided by the contractor and is also unaudited data. The sales data may not be directly comparable to the cost data as a result of the accounting method used by the contractor to recognize sales. For example, if the contractor uses the completed contract method to recognize sales, the entire sales amount for a contract would be recognized in the fiscal year in which the contract was completed, whereas the costs for the contract would be recognized in the years in which they were incurred.

The summary shows the totals of IR&D and B&P costs incurred by all the listed defense contractors during their fiscal years 1998 and 1999, the contractor claimed allowable amounts on all contractor work, and the contractor claimed allowable amounts on DoD contracts. The claimed allowable costs are subject to final audit.

**SUMMARY OF DOD INDEPENDENT RESEARCH AND DEVELOPMENT
AND BID AND PROPOSAL COSTS INCURRED AND SALE
ACHIEVED BY MAJOR DEFENSE CONTRACTOR**

FOR CONTRACTOR FISCAL YEARS 1998 AND 1999

	1998		1999	
	(IN MILLIONS)		(IN MILLIONS)	
	INCURRED COSTS ALLOCABLE TO GOVT. & COMMERCIAL WORK	ALLOWABLE COSTS ALLOCABLE TO GOVT. & COMMERCIAL WORK	INCURRED COSTS ALLOCABLE TO GOVT. & COMMERCIAL WORK	ALLOWABLE COSTS ALLOCABLE TO GOVT. & COMMERCIAL WORK
Independent: Research and Development (IR&D)	2,638	2,486	3,153	2,764
DoD FMS		1,411		1,635
DoD Excluding Foreign Military Sales (FMS)		90		127
		1,320		1,508
Bid and Proposal (B&P)	1,617	1,597	1,582	1,544
DoD FMS		89		118
DoD Excluding Foreign Military Sales (FMS)		976		942
TOTAL IR&D and B&P COST	4,255	4,084	4,735	4,309
SALES, TOTAL GOVERNMENT and COMMERCIAL for REPORTING UNITS	131,187		143,254	
Sales, DoD Excluding FMS		66,530		75,077
Sales, DoD FMS		7,625		6,663
SALES, TOTAL DoD		74,155		81,740

Minor differences in the amounts in the Detail Report and Summary Report are due to rounding.

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