

ARMY RDT&E BUDGET ITEM JUSTIFICATION (R2 Exhibit)							February 2004					
BUDGET ACTIVITY 5 - System Development and Demonstration				PE NUMBER AND TITLE 0604865A - Patriot PAC-3 Theater Missile Defense Acq - EMD			PROJECT 01C					
COST (In Thousands)				FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate	FY 2006 Estimate	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate	Cost to Complete	Total Cost
01C PATRIOT ADVANCED CAPABILITY (PAC) - 3				0	156827	64178	21415	29386	19809	0	0	291615
<p>A. Mission Description and Budget Item Justification: PATRIOT is a mobile, field Army and Corps air defense system, using guided missiles to simultaneously engage and destroy multiple target types at varying ranges. The PATRIOT Advanced Capability 3 (PAC-3) Upgrade Program is the latest evolution of the phased materiel change improvement program to PATRIOT. The materiel changes will provide improved performance across the spectrum for system and threat intercept performance. In addition to modernization of the ground support equipment, funding resources a new missile design providing a high velocity, hit to kill, surface to air missile with the range, accuracy, and lethality necessary to effectively intercept and destroy tactical missiles with Nuclear Biological Chemical/High Explosive (NBC/HE) warheads and air breathing threats. The full capability will provide defense against short to medium range theater ballistic missiles (TBMs), cruise missiles (CMs), unmanned aerial vehicles (UAVs) and other air breathing threats as part of the Ballistic Missile Defense (BMD) systems, a multi-layered Theater Air and Missile Defense Architecture. PATRIOT is pursuing integration of PATRIOT Battle Management Command, Control, Communications and Intelligence (BMC3I) with the Project Manager, Air Defense Command and Control Systems to take advantage of previous U.S. Army developments that can be incorporated into the PATRIOT program. The Army requirement for PAC-3 supports the Current to Future transition path of the Transformation Campaign Plan (TCP).</p> <p>Note: The FY05 budget postures the Army to move forward with a combined PAC-3/MEADS program based on a favorable Milestone B decision 3QFY04. The Army has revised the MEADS acquisition strategy to combine management, development, and fielding of both the MEADS and PATRIOT systems. The combined aggregate program will provide for the evolution of the Patriot/PAC-3 system to the MEADS objective system through the early introduction of the MEADS Major End Items. This approach provides for earlier fielding of enhanced air and missile defense capabilities across the currently fielded force to counter the evolving threat and allow for the knowledge that was gained in the development and fielding of the Patriot System to be fused into the MEADS program. The PAC-3 missile is the baseline missile for the MEADS system. The Missile Segment Enhancement (MSE) missile, which provides for greater ranges, will be the objective missile for the system.</p>												
<u>Accomplishments/Planned Program</u>									FY 2003	FY 2004	FY 2005	
Continue follow-on Block test program.									0	40925	13991	
Evolutionary Development.									0	15271	15402	
Missile System Enhancement (MSE) Development									0	96245	34785	
Small Business Innovative Research/Small Business Technology Transfer Programs									0	4386	0	

ARMY RDT&E BUDGET ITEM JUSTIFICATION (R2 Exhibit)**February 2004**

BUDGET ACTIVITY

5 - System Development and Demonstration

PE NUMBER AND TITLE

**0604865A - Patriot PAC-3 Theater Missile
Defense Acq - EMD**

PROJECT

01C**Accomplishments/Planned Program B(continued)**

FY 2003

FY 2004

FY 2005

Totals

0

156827

64178

B. Program Change Summary

FY 2003

FY 2004

FY 2005

Previous President's Budget (FY 2004)

0

174475

78440

Current Budget (FY 2005 PB)

0

156827

64178

Total Adjustments

0

-17648

-14262

Congressional program reductions

-17491

Congressional rescissions

Congressional increases

Reprogrammings

-157

SBIR/STTR Transfer

Adjustments to Budget Years

-14262

In FY03, the PAC-3 program was funded by the Missile Defense Agency (MDA).

FY04 funds were decremented \$16.000 million by Congress for Patriot-Meads consolidation efficiencies, \$1.491 million for undistributed Congressional reductions and \$.157 million was realigned to higher Army priorities.

FY05 funds (\$14.262 million) were realigned to a higher Army priority.

ARMY RDT&E BUDGET ITEM JUSTIFICATION (R2 Exhibit)

February 2004

BUDGET ACTIVITY

5 - System Development and Demonstration

PE NUMBER AND TITLE

**0604865A - Patriot PAC-3 Theater Missile
Defense Acq - EMD**

PROJECT

01C

C. Other Program Funding Summary

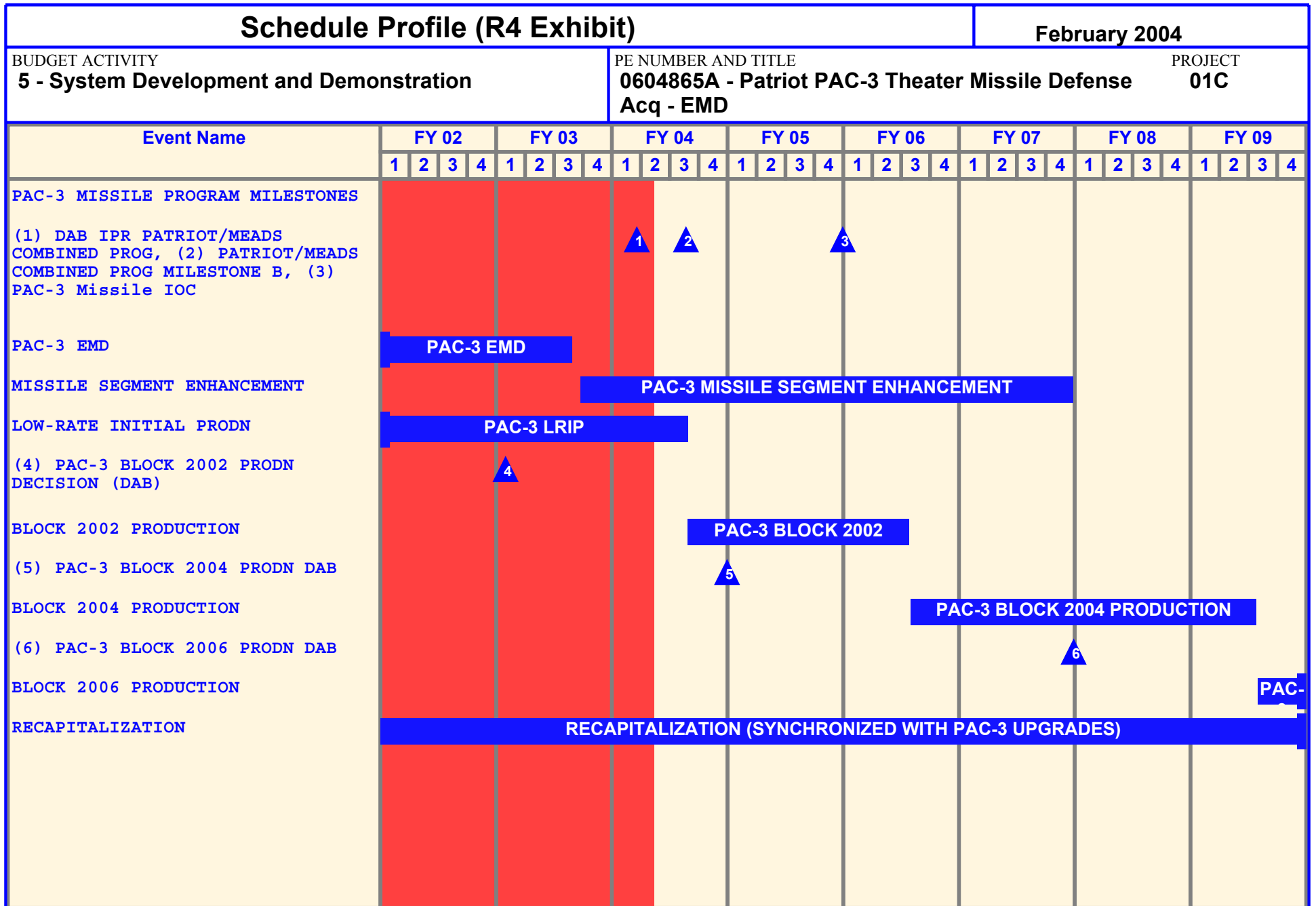
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Compl	Total Cost
PAC-3, SSN C49200	0	616942	489253	489705	490458	671951	724858	0	3483167
PATRIOT MODS, SSN C50700	148617	201072	87948	77411	79619	74169	66299	0	759954
Initial Spares, CA0267	39946	31817	14730	14813	9569	9043	8151	0	128791
MEADS, PE 0603869A	0	249444	264527	268721	275545	314089	300998	0	1673324

D. Acquisition Strategy: The design objective of the PATRIOT system is to provide an element of an integrated Ballistic Missile Defense system capable of being modified to cope with the evolving threat. This strategy minimizes technological risks and provides a means of enhancing system capability through planned upgrades of deployed systems. The PATRIOT program consists of two interrelated acquisition programs - the PATRIOT PAC-3 Growth Program and the PAC-3 Missile Program. Growth Program modifications are grouped into configurations which are scheduled to be fielded in the same time frame. However, incremental increases in performance are determined for each configuration in order to provide benchmarks for configuration testing and for the development of user doctrine and tactics. The PAC-3 Missile Program focuses on developing, fabricating and testing the high velocity, hit to kill, surface to air missile and associated ground support equipment to provide essential increases in battle space, accuracy, lethality and firepower to counter and destroy evolving air defense threats. The missile performance is demonstrated through a series of flight tests and modeling and simulation activities. PAC-3 Block Evolutionary development efforts will further improve system interoperability, commonality, and capabilities against emerging and reactive threats. The Army has revised the MEADS acquisition strategy to combine management, development, and fielding of both the MEADS and PATRIOT systems. The combined aggregate program will provide for the evolution of the Patriot/PAC-3 system to the MEADS objective system through the early introduction of the MEADS Major End Items (MEI). This approach provides for earlier fielding of enhanced air and missile defense capabilities across the currently fielded force to counter the evolving threat and allow for the knowledge that was gained in the development and fielding of the Patriot System to be fused into the MEADS program. The PAC-3 missile is the baseline missile for the MEADS system. The Missile Segment Enhancement (MSE) missile, which provides for greater ranges, will be the objective missile for the system.

ARMY RDT&E COST ANALYSIS(R3)									February 2004			
BUDGET ACTIVITY 5 - System Development and Demonstration					PE NUMBER AND TITLE 0604865A - Patriot PAC-3 Theater Missile Defense Acq - EMD					PROJECT 01C		
I. Product Development	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY 2003 Cost	FY 2003 Award Date	FY 2004 Cost	FY 2004 Award Date	FY 2005 Cost	FY 2005 Award Date	Cost To Complete	Total Cost	Target Value of Contract
a . LMMFC MSE	SS-CPIF	LMMFC-D, TX	0	0		64708	2Q	29367	1Q	Continue	94075	0
b . Raytheon MSE	SS-FP	Raytheon, MA	0	0		10958	2Q	5418	1Q	0	16376	0
c . Raytheon Evolutionary Development	SS-FP	Raytheon, MA	0	0		11804	2Q	11918	1Q	Continue	23722	0
d . RDEC	MIPR	MRDEC, AL	0	0		5820	2Q	2718	1Q	Continue	8538	0
e . PAC-3 Missile FOT	SS-CPFF	LMMFC-D, TX	0	0		20413	2Q	11595	1Q	Continue	32008	0
f . PAC-3 Missile FOT	SS-FP	Raytheon, MA	0	0		11082	2Q	2396	1Q	Continue	13478	0
Subtotal:			0	0		124785		63412		Continue	188197	0

ARMY RDT&E COST ANALYSIS(R3)									February 2004			
BUDGET ACTIVITY 5 - System Development and Demonstration					PE NUMBER AND TITLE 0604865A - Patriot PAC-3 Theater Missile Defense Acq - EMD					PROJECT 01C		
II. Support Cost	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY 2003 Cost	FY 2003 Award Date	FY 2004 Cost	FY 2004 Award Date	FY 2005 Cost	FY 2005 Award Date	Cost To Complete	Total Cost	Target Value of Contract
a . SETA	FFP	CAS, AL	0	0		2350	2Q	0		0	2350	0
b . OGA/In-House	PO		0	0		9042	2Q	766	1Q	Continue	9808	0
Subtotal:			0	0		11392		766		Continue	12158	0
III. Test and Evaluation	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY 2003 Cost	FY 2003 Award Date	FY 2004 Cost	FY 2004 Award Date	FY 2005 Cost	FY 2005 Award Date	Cost To Complete	Total Cost	Target Value of Contract
a . White Sands Missile Range	MIPR	WSMR, NM	0	0		7915	2Q	0		0	7915	0
b . Operational Test Support	MIPR		0	0		1500	2Q	0		0	1500	0
c . Targets	MIPR	SMDC/AL	0	0		11235	2Q	0		0	11235	0
Subtotal:			0	0		20650		0		0	20650	0

ARMY RDT&E COST ANALYSIS(R3)										February 2004		
BUDGET ACTIVITY					PE NUMBER AND TITLE					PROJECT		
5 - System Development and Demonstration					0604865A - Patriot PAC-3 Theater Missile Defense Acq - EMD					01C		
IV. Management Services	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY 2003 Cost	FY 2003 Award Date	FY 2004 Cost	FY 2004 Award Date	FY 2005 Cost	FY 2005 Award Date	Cost To Complete	Total Cost	Target Value of Contract
			0	0		0		0		0	0	0
Subtotal:												
Project Total Cost:						156827		64178		Continue	221005	0



Schedule Detail (R4a Exhibit)						February 2004	
BUDGET ACTIVITY 5 - System Development and Demonstration			PE NUMBER AND TITLE 0604865A - Patriot PAC-3 Theater Missile Defense Acq - EMD				PROJECT 01C
<u>Schedule Detail</u>	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
PAC-3 Missile Block 02 Production DAB	1Q						
PAC-3 Missile Block 04 Production DAB		4Q					
PAC-3 IOC			4Q				
PAC-3 Missile Block 06 Production DAB					4Q		
DAB IPR PAC-3/MEADS Combined Program		3Q					