

ARMY RDT&E BUDGET ITEM JUSTIFICATION (R2 Exhibit)								February 2006		
BUDGET ACTIVITY			PE NUMBER AND TITLE					PROJECT		
4 - Advanced Component Development and Prototypes			0603869A - Meads Concepts - Dem/Val					01B		
COST (In Thousands)		FY 2005 Estimate	FY 2006 Estimate	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate	Cost to Complete	Total Cost
01B	MEDIUM EXTENDED AIR DEFENSE SYSTEM (MEADS)	251298	0	0	0	0	0	0	0	488121
<p><b><u>A. Mission Description and Budget Item Justification:</u></b> The MEADS program was approved by the Defense Acquisition Executive (DAE) in an August 2000 Acquisition Decision Memorandum (ADM) to begin a Risk Reduction Effort (RRE) phase. This extended the Project Definition/Validation (PD/V) phase by three years to focus on integrating the PAC-3 missile into the MEADS system concept, identifying and reducing technical risk, developing a cost and schedule consensus for Design and Development (D&amp;D) among the partner nations (Germany, Italy, and United States), and to refine the MEADS concept. In July 2001, MEADS International (MI) was awarded a thirty-two and half month RRE contract. Additional key elements of the RRE scope included full harmonization of the threat and requirements and developing a negotiated Memorandum of Understanding (MOU) for the D&amp;D phase. A 29 July 03 DAB IPR endorsed pursuit of Joint Requirements Oversight Council (JROC) approval of the MEADS requirements and directed further refinement of cost and acquisition strategy development. The Army Requirements Oversight Council (AROC) met on 06 August 2003 and approved the MEADS International Common Operating Requirements (ICOR). A Risk Reduction Effort Modification (RREM) phase was executed in February 2004 as a bridging effort between the RRE and D&amp;D Phases. On 1 July 2004, the DAB approved Milestone B for all three increments of the Patriot/MEADS CAP with a First Unit Equipped date by FY2015. The Acquisition Program Baseline (APB) and Acquisition Strategy were also approved for System Development and Demonstration (SDD). The United States and Italy signed the D&amp;D MOU on September 24, 2004 and September 27, 2004, respectively. The NATO MEADS Management Agency (NAMEADSMA) awarded the MEADS D&amp;D letter contract to MEADS International on September 28, 2004, initiating the MEADS D&amp;D phase. The D&amp;D letter contract definitization process was completed in February 2005. The MOU was amended in March 05 by the U.S. and Italy to allow the German Parliament additional time for their signature decision and on April 22, 2005 Germany signed the MOU. NAMEADSMA awarded a \$3.4B D&amp;D definitized contract to MEADS International on May 31, 2005. Within the Combined Aggregate Program there are two synergistic efforts: an international MEADS development effort managed by NAMEADSMA, and a U.S. effort to inject MEADS major end-items into the PATRIOT system in an incremental fashion.</p> <p>The FY06 RDTE budget postures the Army to move forward with a Patriot/MEADS Combines Aggregate Program (CAP) under PE0604869A for FY06 and beyond. The CAP 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 into the existing PATRIOT force that will be developed and fielded in three acquisition increments.</p>										
<b><u>Accomplishments/Planned Program</u></b>							<b><u>FY 2005</u></b>	<b><u>FY 2006</u></b>	<b><u>FY 2007</u></b>	
Continued the U.S. contribution to the North Atlantic Treaty Organization (NATO) MEADS Management Agency (NAMEADSMA) International Program Office operational and management budgets to manage the Risk Reduction Effort (RRE), Risk Reduction Effort Modification (RREM) contract and began the Design and Development (D&D) Phase contract to design, develop, build, test and evaluate the production representative MEADS hardware.							129521	0	0	
Implemented program integration efforts that will examine Department of Defense (DOD) Joint Integrating Concept and Army Transformation Future Force mix and integration issues; supported Patriot / MEADS CAP in the test and evaluation of Air and Missile Defense (AMD) task force interoperability and Army System-of-Systems (in a netted and distributed architecture); supported development and maintenance of Joint Data Network interface requirements; and appropriate planning of MEADS manpower, training, human factors, safety issues, cost reduction initiatives, and protection of U.S. background technology.							56477	0	0	

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Continue management, support and salaries for the national and international program offices.	4000	0	0
Continued single canister and engage on remote development. Includes US only efforts to support Missile Segment Enhancement.	61300	0	0
Total	251298	0	0

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<u>B. Program Change Summary</u>		FY 2005	FY 2006	FY 2007					
Previous President's Budget (FY 2006)		251414	0	0					
Current BES/President's Budget (FY 2007)		251298	0	0					
Total Adjustments		-116	0	0					
Congressional Program Reductions									
Congressional Rescissions									
Congressional Increases									
Reprogrammings		-116							
SBIR/STTR Transfer									
Adjustments to Budget Years									
The Patriot/MEADS CAP RDTE funding are combined and under PE 0604869A beginning in FY06.									
<u>C. Other Program Funding Summary</u>	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	To Compl	Total Cost
PE 0604865A, PAC-3	60408	0	0	0	0	0	0	0	60408
PE 0203801, Patriot Product Improvement	32067	15957	10770	11051	11297	12227	12734	CONT	CONT
SSN C49100, PAC-3 Missile	496990	483260	489067	472907	478795	0	0	0	2421019
SSN C50001, Patriot/MEADS CAP	0	0	0	89735	65296	429735	674386	CONT	CONT
PE 0102419, JLENS	79279	105888	264491	465214	353856	335490	301143	0	1905361
SSN BZ0525, OPA, JLENS	0	0	0	0	0	30471	476728	0	507199
PE 654802, Project S23 SLAMRAAM	63084	35587	26961	10132	0	0	0	0	135764
SSN C81001, SLAMRAAM	2438	19061	22039	59314	82656	82143	60979	0	328630
PE 0604820, SENTINEL	5848	5008	2527	2622	0	0	0	0	16005
SSN WK5057, OPA, SENTINEL	10566	8289	15125	20914	33394	33239	25314	0	146841
PE 0603327, Project E88, Integrated Fire Control AMD	19984	24480	41746	47995	50096	0	0	0	184301
Comment: PAC-3 / MEADS CAP RDTE funding are combined and under PE0604869A in FY06 and beyond. This PE is an integral part of the Air, Space and Missile Defense System of Systems (SoS) including Integrated Fire Control (IFC), JLENS, Patriot/MEADS Combined Aggregate Program (CAP), SLAMRAAM, JTAGS, SENTINEL and on-going initiatives to achieve Single Integrated Air Picture (SIAP).									

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<p><b><u>D. Acquisition Strategy</u></b> As a result of the 1 July 2004, the Defense Acquisition Board Milestone B approval for MEADS and all three increments of Patriot/MEADS Combined Aggregate Program with a First Unit Equipped date by FY2015. The NATO MEADS Management Agency (NAMEADSMA) awarded the Design and Development (D&amp;D) contract to MEADS International (MI) in September, 2004. This will develop the objective MEADS system to eventually replace PATRIOT. The US will field this capability in three increments as the Major End Items mature. Increment 1 will re-host the current BMC4I capabilities of the PATRIOT into a smaller TOC. Increments 2 and 3 will subsequently develop remaining major end items such as the MEADS Lightweight/Near Vertical Launcher (reducing airlift requirements), improved BMC4I (integrating SLAMRAAM capability as an early Integrated Air and Missile Defense (IAMD) Program benefits) and software upgrades, the MSE missile (increasing the battlespace), further BMC4I and software upgrades and the new surveillance and fire control radars (providing full 360 degree coverage and further reducing airlift requirement). This PE funded efforts prior to FY06 and is now provided only for completeness. Subsequent RDT&amp;E efforts are funded within PE 0604869A (Patriot/MEADS CAP).</p>		