

EXHIBIT R-2, RDT&E Budget Item Justification							DATE: <b>February 2006</b>	
APPROPRIATION/BUDGET ACTIVITY <b>RESEARCH DEVELOPMENT TEST &amp; EVALUATION, NAVY / BA-05</b>					R-1 ITEM NOMENCLATURE 0604329N Small Diameter Bomb (SDB)			
COST (\$ in Millions)		FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Total PE Cost		<b>9.513</b>	<b>9.816</b>	<b>10.021</b>				
3072 Small Diameter Bomb		<b>9.513</b>	<b>9.816</b>	<b>10.021</b>				

**A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:**

Small Diameter Bomb (SDB) Increment II is a joint interest program providing the warfighter a capability to attack mobile targets in weather. SDB Increment II addresses the following warfighter requirements: attack mobile targets; multiple kills per pass; multiple ordnance carriage; all weather operations; near-precision munitions capability; capability against fixed targets; reduced munitions footprint; increased weapons effectiveness; minimized potential for collateral damage; reduced susceptibility of munitions to countermeasures and provides a migration path to net centric ops capability. Threshold aircraft is the F-15E. Objective aircraft include the F/A-22, B-1, B-2, Joint Strike Fighter (JSF), F-117, F-16, B-52, Predator B, and the Joint Unmanned Combat Air System (JUCAS). SDB Increment II will continue incremental development to pursue network CENTRIC interoperability. SDB Increment II is a key component of the Air Force's Global Strike Task Force CONOP.

The Air Force's approved acquisition strategy is to conduct a full and open competition to select up to two contractors to compete during a planned 42-month risk reduction phase prior to entering SDD. The Navy funding will provide for risk reduction activities, Navy participation in common efforts, and evaluation and development of Navy-unique and interoperability requirements.

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EXHIBIT R-2a, RDT&E Project Justification							DATE: <b>February 2006</b>	
APPROPRIATION/BUDGET ACTIVITY <b>RDT&amp;E, N / BA-05</b>	PROGRAM ELEMENT NUMBER AND NAME 0604329N Small Diameter Bomb (SDB)				PROJECT NUMBER AND NAME 3072 Small Diameter Bomb			
COST (\$ in Millions)		FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Project Cost		9.513	9.816	10.021				
RDT&E Articles Qty								

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<b>B. Accomplishments/Planned Program</b>																			
<table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th style="width: 30%;"></th><th style="width: 15%;"></th><th style="width: 15%;">FY 05</th><th style="width: 15%;">FY 06</th><th style="width: 15%;">FY 07</th></tr></thead><tbody><tr><td>Accomplishments/Effort/Subtotal Cost</td><td></td><td style="text-align: center;">9.513</td><td style="text-align: center;">9.816</td><td style="text-align: center;">10.021</td></tr><tr><td>RDT&amp;E Articles Quantity</td><td></td><td></td><td></td><td></td></tr></tbody></table> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">FY05 - FY 07 funding is to perform risk reduction pre-integration testing during Increment II to include Seeker and Other Trade Studies, Joint Strike Fighter (JSF) Fit checks, Shipboard Suitability, Electromagnetic Environmental Effects, System Safety, Climatic/Dynamic Environments, Structures/Loads/Materials, Separations Wind Tunnel, Catapult/Arrested Landings testing, weapon data link network efforts, and multiple weapon carriage system requirements. The Air Force's approved acquisition strategy is to conduct a full and open competition to select up to two contractors to compete during a planned 42-month risk reduction phase prior to entering SDD. The Navy funding will provide for risk reduction activities, Navy participation in common efforts, and evaluation and development of Navy-unique and interoperability requirements.</div>							FY 05	FY 06	FY 07	Accomplishments/Effort/Subtotal Cost		9.513	9.816	10.021	RDT&E Articles Quantity				
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Exhibit R-2, RDTEN Budget Item Justification  
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EXHIBIT R-2a, RDT&E Project Justification		DATE: <b>February 2006</b>
APPROPRIATION/BUDGET ACTIVITY <b>RDTE, N / BA-05</b>	PROGRAM ELEMENT NUMBER AND NAME 0604329N Small Diameter Bomb (SDB)	PROJECT NUMBER AND NAME 3072 Small Diameter Bomb

**C. PROGRAM CHANGE SUMMARY:**

Funding:	FY 05	FY 06	FY 07
Previous President's Budget:	9.843	9.965	9.958
Current President's Budget	9.513	9.816	10.021
Total Adjustments	-0.330	-0.149	0.063
Summary of Adjustments			
Congressional Reductions		-0.104	
Congressional Rescissions			
Congressional Undistributed Reductions	-0.184		
Congressional Increases			
Economic Assumptions		-0.045	0.097
Miscellaneous Adjustments	-0.146		-0.034
Subtotal	-0.330	-0.149	0.063

Schedule:

The Air Force's approved acquisition strategy is to conduct a full and open competition to select up to two contractors to compete during a planned 42-month risk reduction phase prior to entering SDD. The Navy funding will provide for risk reduction activities, Navy participation in common efforts, and evaluation and development of Navy-unique and interoperability requirements.

Technical:

Not Applicable.

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EXHIBIT R-2a, RDT&E Project Justification							DATE: <b>February 2006</b>		
APPROPRIATION/BUDGET ACTIVITY <b>RDTE, N / BA-05</b>		PROGRAM ELEMENT NUMBER AND NAME 0604329N Small Diameter Bomb (SDB)			PROJECT NUMBER AND NAME 3072 Small Diameter Bomb				

**D. OTHER PROGRAM FUNDING SUMMARY:**

Line Item No. & Name	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	To Complete	Total Cost
RDT&E (PB07)									
US Air Force (USAF) PE 0604329F (SDB)	73.573	63.521	104.08	143.723	123.533	128.009	76.895	322.743	1036.077
Missile Procurement (PB07)									
US Air Force (USAF) PE 0207327F (SDB)	29.122	53.336	99.062	96.386	148.23	164.543	137.449	481.091	1209.219
Quantity	199	567	1343	1395	3212	3558	2667	11059	24000

**E. ACQUISITION STRATEGY:**

The Air Force selected Boeing in August 2003 as the SDB Increment I prime contractor following a 24-month CAD. Currently, SDB Increment I is in Low Rate Initial Production (LRIP). Successfully achieved Milestone C in April 2005. Small Diameter Bomb (SDB) Increment II has not yet been awarded to a prime contractor; however, it is planned to be a competitively awarded cost-type development effort. The Air Force's approved acquisition strategy is to conduct a full and open competition to select up to two contractors to compete during a planned 42-month risk reduction phase prior to entering SDD. The Navy funding will provide for risk reduction activities, Navy participation in common efforts, and evaluation and development of Navy-unique and interoperability requirements.

The Navy funding will support pre-integration risk reduction efforts for SDB Phase II, such as aircraft integration, ship suitability, studies and analysis, and program management and government in-house support. These efforts will be performed on several cost-type contracts or through cost reimbursable work requests to government activities and contractors.

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## CLASSIFICATION:

Exhibit R-3 Cost Analysis (page 1)								DATE: February 2006				
APPROPRIATION/BUDGET ACTIVITY			PROGRAM ELEMENT			PROJECT NUMBER AND NAME						
RDT&E, N / BA-05			0604329N Small Diameter Bomb (SDB)			3072 Small Diameter Bomb						
Cost Categories	Contract Method & Type	Performing Activity & Location	Total PY s Cost	FY 05 Cost	FY 05 Award Date	FY 06 Cost	FY 06 Award Date	FY 07 Cost	FY 07 Award Date	Cost to Complete	Total Cost	Target Value of Contract
											0.000	
											0.000	
Aircraft Integration	SS/CPFF	EDO Mtech, Huntingdon, PA		0.101	01/05						0.101	0.101
											0.000	
Product Development	C/CPFF	TBD				1.817	05/06	3.363	12/06		5.180	
Ship Suitability	Various	Various	4.180			0.334	11/05	0.500	11/06		5.014	
											0.000	
											0.000	
											0.000	
											0.000	
											0.000	
Subtotal Product Development			4.180	0.101		2.151		3.863		0.000	10.295	
Remarks: The Air Force's approved acquisition strategy is to conduct a full and open competition to select up to two contractors to compete during a planned 42-month risk reduction phase prior to entering SDD. The Navy funding will provide for risk reduction activities, Navy participation in common efforts, and evaluation and development of Navy-unique and interoperability requirements.												
Studies & Analyses	SS/CPFF	QNT/FMDI, Rome, NY	0.103	2.333	04/05						2.436	2.436
Studies & Analyses (APL)	SS/CPFF	JHU APL, Baltimore, MD		1.600	12/04	0.500	12/05	0.500	12/06		2.600	2.600
Studies & Analyses (Raytheon)	SS/CPFF	Raytheon, Tuscon, AZ		2.000	12/04	0.600	12/05		12/06		2.600	2.600
Studies & Analyses	Various	Various		0.623	12/04						0.623	
Software Development	SS/CPFF	Boeing, St. Louis				3.400	12/05	2.500	12/06		5.900	5.900
											0.000	
											0.000	
											0.000	
Subtotal Support			0.103	6.557		4.500		3.000		0.000	14.160	
Remarks: Studies and Analyses include Navy activities to define CONOPS and better define Navy-specific and interoperability requirements, such as Weapon Data Link ACTD, Seeker Trade Studies, and Data Link Trade Studies.  The Weapon Data Link software development effort develops requirements, establishes design architecture and dramatically reduces risk for integration of SDB Increment II WDLN ICD into JSF. H5E F/A-18 SCS will be utilized as a surrogate test bed to incorporate WDLN ICD.												

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Exhibit R-3 Cost Analysis (page 2)										DATE: <b>February 2006</b>		
APPROPRIATION/BUDGET ACTIVITY <b>RDTE&amp;E, N / BA-05</b>			PROGRAM ELEMENT 0604329N Small Diameter Bomb (SDB)			PROJECT NUMBER AND NAME 3072 Small Diameter Bomb						
Cost Categories	Contract Method & Type	Performing Activity & Location	Total PY s Cost	FY 05 Cost	FY 05 Award Date	FY 06 Cost	FY 06 Award Date	FY 07 Cost	FY 07 Award Date	Cost to Complete	Total Cost	Target Value of Contract
											0.000	
											0.000	
											0.000	
											0.000	
											0.000	
											0.000	
											0.000	
Subtotal T&E			0.000	0.000		0.000		0.000		0.000	0.000	
Remarks:												
Contractor Engineering Support	RX	Various		0.460	11/04	0.200	11/05	0.200	11/06		0.860	
Government Engineering Support	WX	Various	0.121	2.033	11/04	2.403	11/05	2.383	11/06		6.940	
Program Management Support	Misc	Various		0.262	11/04	0.362	11/05	0.375	11/06		0.999	
Travel	Misc	Various	0.070	0.100	10/04	0.200	10/05	0.200	10/06		0.570	
											0.000	
											0.000	
Subtotal Management			0.191	2.855		3.165		3.158		0.000	9.369	
Remarks:												
Total Cost			4.474	9.513		9.816		10.021		0.000	33.824	
Remarks:												

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Exhibit R-2, RDTE Budget Item Justification  
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EXHIBIT R4, Schedule Profile																								DATE:				February 2006				
APPROPRIATION/BUDGET ACTIVITY										PROGRAM ELEMENT NUMBER AND NAME										PROJECT NUMBER AND NAME												
RDT&E, N / BA-05										0604329N Small Diameter Bomb (SDB)										3072 Small Diameter Bomb												
Fiscal Year	2004				2005				2006				2007				2008				2009				2010				2011			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Navy Seeker and Other Trade Studies																																
Carrier Suitability																																
Ground and Fit Checks																																
Product Development																																

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\* Not required for Budget Activities 1, 2, 3, and 6



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