A. Mission Description and Budget Item Justification

Our goal is to defend the United States and our allies, friends, and deployed forces from ballistic missiles of all ranges in all phases of flight. By the beginning of FY 2005, we will put the BMDS on alert and, for the first time, we will have a capability to defeat a ballistic missile threatening the United States. In FY 2005 and the remainder of the FYDP, we will increase the breadth and depth of our defense by adding forward-deployed, networked sensors, by adding interceptors at sea and on land, and by adding layers of increasingly capable weapons and sensors. Throughout this documentation, therefore, every activity can be tied to one of our four objectives: complete, verify and test the Initial Defensive Capability; put the Ballistic Missile Defense System on alert; develop procedures and logistics to perform and sustain concurrent testing and operations; and enhance the BMDS capability.

The MDA develops the Ballistic Missile Defense System (BMDS) using biennial capability blocks. This approach is the most efficient and effective way to get missile defense assets into the hands of the warfighters as quickly as possible while allowing for rapid insertion of emerging technology in the most affordable manner. These capability blocks will subsequently build on and be integrated with the predecessor blocks. Block capabilities are built by using complete elements and their individual components to integrate a single BMDS and provide layered defense against ballistic missiles during all flight phases, Boost, Midcourse, and Terminal, using multiple basing modes and phenomenology.

As an integral part of the overall BMDS, this THAAD Program Element (PE) funds the THAAD developmental efforts for FY 2003 as part of the overall Terminal Defense Segment (TDS). The overall Terminal Defense Segment elements and activities include Theater High Altitude Area Defense (THAAD) and the Israeli Arrow Program. The Patriot Advanced Capability (PAC) 3 element is also a part of the Terminal Defense mission, however, it is funded by the U.S. Army beginning in 2004. The BMDS elements in Terminal Defense pursue development and selective upgrades of missile defense capabilities that engage short to medium-range ballistic missiles in the late mid-course and terminal phase of their trajectory.

The Terminal Defense Elements provide the final opportunity to engage short and medium-range ballistic missiles not engaged or destroyed in the boost or mid-course phases of trajectory. Upon direction of the Ballistic Missile Defense System (BMDS) Command & Control/Battle Management Communications (C2BMC) and in conjunction with the fielded Patriot System, the THAAD, AEGIS, and Patriot Systems, provide the only capability to defend deployed U.S. forces from short to medium-range ballistic missiles, and protect broadly dispersed assets and population centers or selected U.S. sites (Homeland Defense) from short to medium-range ballistic missile attacks. The THAAD system contributes in its ability to engage and negate ballistic missiles and asymmetric threats in both the late mid-course (exo-atmospheric engagements) and terminal phase (endo-atmospheric engagements) of their trajectory and adds significant capability to the BMDS as the threat missiles transition from the mid-course to terminal phases. Integrated with the AEGIS and PATRIOT Systems, the rapidly deployable THAAD system improves the BMDS overall effectiveness by engaging missiles as they transition from exo- to endo-atmospheric flight where the reentry vehicles are more vulnerable. The flow down of BMDS System capability specifications resulting from Missile Defense National Team efforts in C2BMC and Systems Engineering & Integration will guide the integration of TDS into the BMDS System and the BMDS C2BMC architecture.

Block 2004: Block 2004 represents the design and development of a significant, fundamental THAAD capability against short to medium-range Ballistic Missiles (BM) and asymmetric threats and demonstration of exo and high endo intercept capability against a limited target set. The rapidly deployable Block 2004 THAAD element will have the following block objectives: - Test Missile with Exo and High Endo Algorithms; - Radar with Initial Discrimination Capability; - C2BMC with Limited TADIL-J and Defense Design Planner.

Flight testing for Block 2004 begins in 1st quarter, FY 2005, and continues through 1st quarter, FY 2006 with a total of 5 flight tests.
Program-Wide Support under this project covers personnel and related support costs, statutory and fiscal requirements. May include funding for government civilians performing program-wide oversight functions such as contracting, program integration, safety, quality and mission assurance at Missile Defense Agency (MDA); cost estimating; audit; technology integration across all MDA projects; and assessment of schedule, cost and performance, documentation of related programmatic issues and, foreign currency fluctuations on limited number of foreign contracts. Also includes funding for charges on canceled appropriations in accordance with Public Law 101-510.

<table>
<thead>
<tr>
<th>B. Program Change Summary</th>
<th>FY 2003</th>
<th>FY 2004</th>
<th>FY 2005</th>
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FY 2003 - In the submission for FY 2003 the R-1 did not match the R-2 which resulted in a net zero sum transfer between Ground Based Midcourse, PE 0603882C, and the THAAD PE 0604861C. The -$2510 corrects the documentation to match the OSD database.

Project 2011 THAAD is transferred to the BMD Terminal Defense Segment Program Element (PE) 0603881C for FY 2004 and out.
A. Mission Description and Budget Item Justification

The Theater High Altitude Area Defense (THAAD) is an element of the Terminal Defense Segment (TDS) of the Ballistic Missile Defense System (BMDS) and will greatly enhance the BMDS capability. The Terminal Defense Elements provide the final opportunity to engage short to medium-range ballistic missiles not engaged or destroyed in the boost or mid-course phase of trajectory. THAAD contributes to the Missile Defense Agency's Terminal Defense System by being rapidly deployable and in its ability to engage and negate ballistic missiles and asymmetric threats in both the later mid-course and terminal phases of their trajectory. THAAD's ability to defend against short to medium-range ballistic missiles and asymmetric threats protects U.S. and allied armed forces, broadly dispersed assets and population centers or selected U.S. sites (Homeland Defense) against ballistic missile attacks. THAAD, in conjunction with the fielded Patriot System, provides the Missile Defense Agency's (MDA) layered Terminal Defense System that further reduces leakage of ballistic missiles.

In FY 2003, $10.500 million of THAAD funds were used to support the Forward Deployable Radar and TPS-X Radar. Enhancement to the Forward Deployable Radar can be used to add new capability to the THAAD Radar since they are similar radars. Likewise, any algorithm developments using the TPS-X Test Bed can be used on the THAAD Radar.

The RDT&E Articles:

FY 2003 (Delivery Schedule) includes 2 GTU missiles and 5 EDU missiles for a total of 7 RDT&E Articles.
FY 2003 (Buy Schedule): 3 full-up missiles, 2 EDU missiles, 1 Launcher w/Missile Round Pallet (MRP), 2 THAAD MRP (Reload), and 16 Missile mass Property Simulators for a total of 24 RDT&E Articles.

B. Accomplishments/Planned Program

FY 2003 Accomplishments:
Continued Missile, Radar C2BMC, and Launcher hardware and software development. Completed Missile and Launcher detailed designs and initiate fabrication of Launcher and Missile ground test units. Supported range activation and operation activities at White Sands Missile Range (WSMR) and Pacific Missile Range Facility (PMRF). Continued fabrication of Launcher and Battle Manager test beds. Completed assembly of Radar antenna #1 and begin calibration and testing.

The RDT&E Articles: FY 2003 (Delivery Schedule) includes 2 GTU missiles and 5 EDU missiles for a total of 7 RDT&E Articles. FY 2003 (Buy Schedule): 3 full-up missiles, 2 EDU missiles, 1 Launcher w/Missile Round Pallet (MRP), 2 THAAD MRP (Reload), and 16 Missile mass Property Simulators for a total of 24 RDT&E Articles.
<table>
<thead>
<tr>
<th>APPROPRIATION/BUDGET ACTIVITY</th>
<th>R-DT&amp;E, DW/05 System Development and Demonstration (SDD)</th>
<th>R-1 NOMENCLATURE</th>
<th>0604861C Theater High-Altitude Area Defense System - TMD - EMD</th>
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## MDA Exhibit R-2A RDT&E Project Justification

### APPROPRIATION/BUDGET ACTIVITY

**RDT&E, DW/05 System Development and Demonstration (SDD)**

<table>
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<tr>
<th>Project: 2011 Theater High Altitude Area Defense (THAAD)</th>
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### R-1 NOMENCLATURE

**0604861C Theater High-Altitude Area Defense System - TMD - EMD**

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<tr>
<td>RDT&amp;E Articles (Quantity)</td>
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### FY 2003 Accomplishment:

- Awarded letter contract for X-Band Radar to meet Block 2006 delivery.
- Identified and initiated TPS-X Radar improvements for use as a test asset for advanced algorithm validation and risk reduction on C2BMC interface.

### C. Other Program Funding Summary

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### APPROPRIATION/BUDGET ACTIVITY

**RDT&E, DW/05 System Development and Demonstration (SDD)**

### R-1 NOMENCLATURE

**0604861C Theater High-Altitude Area Defense System - TMD - EMD**

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### D. Acquisition Strategy

THAAD will follow the Missile Defense Agency's capability-based acquisition strategy that emphasizes testing, spiral development, and evolutionary acquisition through the use of two-year capability blocks. The THAAD Block 2004 program is already on contract with Lockheed Martin Space Systems Company (LMSSC), Sunnyvale, CA. The 103-month Cost Plus Award Fee contract was awarded effective August 4, 2000, and is 50% complete. Current development activities supporting THAAD Block 2004 can be used to provide an initial capability to protect deployed U. S. and allied forces, or selected U.S. sites.
## I. Product Development Cost ($ in Thousands)

<table>
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<tr>
<th>Cost Categories:</th>
<th>Contract Method &amp; Type</th>
<th>Performing Activity &amp; Location</th>
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<th>FY 2004 Award Date</th>
<th>FY 2005 Cost</th>
<th>FY 2005 Award Date</th>
<th>Cost to Complete</th>
<th>Total Cost</th>
<th>Target Value of Contract</th>
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<tr>
<td><strong>Block 2004 (Prime Contract)</strong></td>
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**Remarks**

## II. Support Costs Cost ($ in Thousands)

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**Remarks**
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### IV. Management Services Cost ($ in Thousands)

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### Appropriation/Budget Activity

**RDT&E, DW/05 System Development and Demonstration (SDD)**

**R-1 Nomenclature**

0604861C Theater High-Altitude Area Defense System - TMD - EMD

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*Project: 2011 Theater High Altitude Area Defense (THAAD)*
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A. Mission Description and Budget Item Justification

This project covers personnel and related support costs, statutory and fiscal requirements.


Assistance required to support Missile Defense Agency program-wide management functions is also contained in this project. Typical efforts include cost estimating; audit; technology integration across MDA projects; and assessment of schedule, cost and performance, with attendant documentation of the many related programmatic issues. The requirements for this area are based on most economical and efficient utilization of contractors versus government personnel.

Fiscal Requirements include reimbursable services acquired through the Defense Working Capital Fund (DWCF) such as accounting services provided by the Defense Finance and Accounting Services (DFAS); reserves for special termination costs on designated contracts; and provisions for terminating other programs as required. MDA has additional requirements to provide for foreign currency fluctuations on its limited number of foreign contracts. Also includes funding for charges to canceled appropriations in accordance with Public Law 101-510.

Note that these funds are allocated across multiple Program Elements in accordance with the Fiscal Year 1996 Authorization Act, which directed these funds be allocated to the programs being supported rather than managed from a single source. This structure often makes it difficult to level-fund all PE’s while maintaining an orderly fiscal structure for executing the individual Programs-Wide Support efforts.

B. Accomplishments/Planned Program

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<th>FY 2003</th>
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<th>FY 2005</th>
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<tr>
<td>Civilian Salaries and Support</td>
<td>0</td>
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<td>Personnel:</td>
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<td>RDT&amp;E Articles (Quantity)</td>
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<tr>
<td>Management Support:</td>
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Personnel: Provides funding for government salaries and benefits at the Missile Defense Agency that are associated with program-wide support.

Management Support:
Funds the contract SETA support costs directly associated with Missile Defense Agency program-wide support organizations. This effort provides the funding for the Missile Defense Agency’s executing agents (Army Space and Missile Defense Command, Army PEO-AMD, Air Force, and Navy) including government salaries & benefits, SETA support, and various management/overhead costs.
**C. Other Program Funding Summary**

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### Appropriation/Budget Activity

**RDT&E, DW/05 System Development and Demonstration (SDD)**

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