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RDT&E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)	DATE February 2002
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BUDGET ACTIVITY 07 - Operational System Development	PE NUMBER AND TITLE 0207161F Tactical AIM Missiles	PROJECT 4132
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COST (\$ in Thousands)	FY 2001 Actual	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Estimate	FY 2005 Estimate	FY 2006 Estimate	FY 2007 Estimate	Cost to Complete	Total Cost
4132 AIM-9 Product Improvement	21,657	5,713	2,943	382	5,659	15,419	5,702	Continuing	TBD
Quantity of RDT&E Articles	6	11	0	0	0	0	0	0	22

Note: The RDT&E articles are deliverables under the Engineering and Manufacturing Development (EMD) contract and are not separately priced. Quantities are delivered in the indicated Fiscal Years. Deliveries supported October 1999 restructured program.

(U) A. Mission Description

The AIM-9X is a long-term evolution of the AIM-9, a fielded system, qualifying this as a research category operational systems development. The AIM-9X (Sidewinder) short range air-to-air missile program provides a launch and leave, air combat munition that uses passive infrared (IR) energy for acquisition and tracking of enemy aircraft and complements the Advanced Medium Range Air-to-Air Missile. Air superiority in the short range air-to-air missile arena is essential and includes first-shot, first-kill opportunity against an enemy employing IR countermeasures. The AIM-9X employs several components common to the AIM-9M. Anti-Tamper features are being incorporated to protect improvements inherent in AIM-9X design. AIM-9X is an Acquisition Category IC (ACAT IC) joint-service program with Navy lead.

Status: Acquisition Decision Memorandum (ADM) for LRIP II & III was signed in November 2001. The joint flight test program has completed 18 unguided and 19 guided launches proving revolutionary capabilities well beyond the fielded AIM-9M. OT-IIB is to begin 2nd quarter of FY2002.

(U) FY 2001 (\$ in Thousands)

- (U) \$14,128 Continued the EMD contract - completed DT-IIB/C, started DT-IID launches, and delivered six test articles
- (U) \$1,074 Continued aircraft interface support to the EMD contractor
- (U) \$5,223 Continued government flight test support of activities defined as DT-IID and DT Assist (with operational testers) at multiple test sites
- (U) \$356 Field engineering support for government flight test activities
- (U) \$396 Provided program office management support to include working capital funded personnel, supplies, and travel
- (U) \$480 Provided for consulting services, technical engineering, and management support
- (U) \$21,657 Total

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<p>(U) <u>A. Mission Description Continued</u></p> <p>(U) <u>FY 2002 (\$ in Thousands)</u></p> <p>(U) \$3,818 Continue the EMD contract to include completion of the DT Assist, start of OT-IIB and delivery of eleven test articles</p> <p>(U) \$200 Continue providing aircraft interface support to the EMD contractor</p> <p>(U) \$818 Continue providing government flight test support of activities defined as DT Assist (with operational testers) at multiple test sites</p> <p>(U) \$290 Field engineering support for government flight test activities</p> <p>(U) \$272 Provide program office management support to include working capital funded personnel, supplies, and travel</p> <p>(U) \$315 Provide for consulting services, technical engineering, and management support</p> <p>(U) \$5,713 Total</p> <p>(U) <u>FY 2003 (\$ in Thousands)</u></p> <p>(U) \$1,700 Continue the EMD contract to include correction of deficiencies found in OT, and EMD contract completion activities</p> <p>(U) \$610 Continue providing government flight test support of activities defined as DT Assist (with operational testers) at multiple test sites</p> <p>(U) \$386 Field engineering support for government flight test activities</p> <p>(U) \$165 Provide program office management support to include working capital funded personnel, supplies, and travel</p> <p>(U) \$82 Provide for consulting services, technical engineering, and management support</p> <p>(U) \$2,943 Total</p> <p>(U) <u>B. Budget Activity Justification</u></p> <p>The program is currently in budget activity 7 - Operational System Development.</p> <p>The AIM-9X joint program office was previously considered a modification program to the already fielded AIM-9M and a long-term evolution of the AIM-9 series of air-to-air missiles. The following Congressional language resulted from the FY01 Appropriations Conference - 'The conferees direct that future Air Force and Navy budget requests for AIM-9X be included in the new procurement sections of the Missile Procurement Air Force and Weapons Procurement Navy budget accounts rather than the current practice of budgeting AIM-9X as a modification.' As a result, FY01 procurement actions are addressed in BP21 documentation (P3A) and the remainder of the program is detailed in BP20 documentation (P40, 5, 5A, 21).</p>		
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BUDGET ACTIVITY 07 - Operational System Development				PE NUMBER AND TITLE 0207161F Tactical AIM Missiles			PROJECT 4132		
(U) C. Program Change Summary (\$ in Thousands)									
				<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>		<u>Total Cost</u>	
(U)	Previous President's Budget			21,507	5,771	3,067		TBD	
(U)	Appropriated Value			21,706	5,771				
(U)	Adjustments to Appropriated Value								
	a. Congressional/General Reductions			-152	-58				
	b. Small Business Innovative Research								
	c. Omnibus or Other Above Threshold Reprogram								
	d. Below Threshold Reprogram			150					
	e. Rescissions			-47					
(U)	Adjustments to Budget Years Since FY 2002 PBR					-124			
(U)	Current Budget Submit/FY 2003 PBR			21,657	5,713	2,943		TBD	
(U)	<u>Significant Program Changes:</u>								
	Funding: FY2003 \$124K reduction due to reduction in program support.								
(U) D. Other Program Funding Summary (\$ in Thousands)									
		<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total Cost</u>
		<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	
(U)	AF RDT&E								
(U)	DOD PE (0603715D)								25,000
(U)	Other APPN								
(U)	Tactical AIM Missile Modification (BP21)	27,925							27,925
(U)	Tactical AIM Missile Procurement (BP20)		33,197	55,213	71,590	54,865	57,321	55,578	840,997
(U)	SEEK EAGLE	2,892	5,378	1,751	0	0	0	0	TBD
	Congressional language directed the program to report as a missile procurement, starting in FY02, and not as a missile modification.								

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(U) E. Acquisition Strategy

After a full and open competition, a Cost Plus Incentive Fee/Award Fee contract was awarded to Hughes Missile Systems Company (now Raytheon Systems Corp (RSC)) to complete missile system development and prepare for production. This EMD contract includes three Fixed Price options for Low Rate Initial Production (LRIP) Lots 1, 2, and 3. The FY01 LRIP 1 option was exercised in Nov 2000, LRIP 2 option was exercised in Nov 2001 and LRIP 3 option is planned to be exercised in Nov 2002. The EMD contract and production options provide strong incentives for the contractor to control costs, achieve reliable performance, and deliver on schedule. The Acquisition Decision Memorandum (ADM) for LRIP 2 and 3 was signed in Nov 2001.

The Navy Acquisition Executive will make the Full Rate Production (FRP) decision with advice from the Air Force Acquisition Executive subsequent to the successful completion of the associated exit criteria. FRP Lots 4 through 7 contracts will be Firm Fixed-Price (FFP) with incentives provided if the contractor meets or beats his Procurement Price Commitment Curve (PPCC), a quantity price curve provided by RSC with the EMD proposal. Rewards or penalties are provided depending on RSC's performance relative to the PPCC. A Service review of RSC's Lot 4 through 7 proposals relative to the PPCC will be held prior to award of those contracts.

(U) F. Schedule Profile

	<u>FY 2001</u>				<u>FY 2002</u>				<u>FY 2003</u>			
	1	2	3	4	1	2	3	4	1	2	3	4
(U) LRIP 1 Award	*											
(U) DT Assist	*											
(U) LRIP 2 Decision				*								
(U) LRIP 2 Award					*							
(U) OT-IIB Starts						*						
(U) LRIP 3 Decision									X			
(U) LRIP 3 Award											X	
(U) OT-IIB Complete											X	
* - Completed Events												
X - Planned Events												

Schedule Notes:

Air Force RAA on the F-15C is 4QFY03 and FRP award scheduled for 1QFY04

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RDT&E PROGRAM ELEMENT/PROJECT COST BREAKDOWN (R-3)							DATE February 2002				
BUDGET ACTIVITY				PE NUMBER AND TITLE				PROJECT			
07 - Operational System Development				0207161F Tactical AIM Missiles				4132			
(U) A. Project Cost Breakdown (\$ in Thousands)											
						<u>FY 2001</u>		<u>FY 2002</u>		<u>FY 2003</u>	
(U)	Project Cost Categories										
(U)	a.	Primary Hardware Development				14,128		3,818		1,700	
(U)	b.	Contractor Engineering Support (F-15 AIM-9X Aircraft Integration)				1,074		200		0	
(U)	c.	Development and Test Evaluation				5,223		818		610	
(U)	d.	Government Engineering Support				356		290		386	
(U)	e.	Program Management (PMA)				396		272		165	
(U)	f.	Contractor Services Support				480		315		82	
(U)	Total					21,657		5,713		2,943	
(U) B. Budget Acquisition History and Planning Information (\$ in Thousands)											
(U) Performing Organizations:											
<u>Contractor or Government</u>	<u>Contract Method/Type</u>	<u>Award or Obligation Date</u>	<u>Performing Activity</u>	<u>Project Office</u>	<u>Total Prior to FY 2001</u>	<u>Budget FY 2001</u>	<u>Budget FY 2002</u>	<u>Budget FY 2003</u>	<u>Budget to Complete</u>	<u>Total Program</u>	
<u>Performing Activity</u>	<u>Vehicle</u>	<u>Date</u>	<u>EAC</u>	<u>EAC</u>							
<u>Product Development Organizations</u>											
Hughes	C/CPIF	Dec 94	5,694	5,694	5,694	0	0	0	0	5,694	
Raytheon	C/CPIF	Dec 94	5,694	5,694	5,695	0	0	0	0	5,695	
Raytheon	C/CPIF	Dec 96	136,930	136,930	83,855	14,128	3,818	1,700		103,501	
Boeing	C/CPIF	Jan 96	20,397	20,397	16,107	1,074	200	0		17,381	
Engineering Services	Various	Various	N/A	N/A	14,162	356	290	386		15,194	
Program Management*	PO	Various	N/A	N/A	8,300	396	272	165		9,133	
Note*: Based on a Memorandum of Agreement, RDT&E program costs includes Navy PMA working capital funded personnel funded at 50%/50% ratio per Service.											
<u>Support and Management Organizations</u>											
Various Contracts	FFP	Various	N/A	N/A	1,811	480	315	82		2,688	
<u>Test and Evaluation Organizations</u>											
Field Activities	PO	Oct 96	N/A	N/A	12,235	5,223	818	610		18,886	

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BUDGET ACTIVITY 07 - Operational System Development				PE NUMBER AND TITLE 0207161F Tactical AIM Missiles			PROJECT 4132		
(U) Government Furnished Property:									
<u>Item</u>	<u>Contract</u>	<u>Award or</u>	<u>Delivery</u>	<u>Total Prior</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget to</u>	<u>Total</u>
<u>Description</u>	<u>Method/Type</u>	<u>or Funding</u>	<u>Date</u>	<u>to FY 2001</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Complete</u>	<u>Program</u>
<u>Product Development Property</u>									
N/A	N/A	N/A	N/A	0	0	0	0	0	0
<u>Support and Management Property</u>									
N/A	N/A	N/A	N/A	0	0	0	0	0	0
<u>Test and Evaluation Property</u>									
N/A	N/A	N/A	N/A	0	0	0	0	0	0
<u>Subtotals</u>				<u>Total Prior</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget to</u>	<u>Total</u>
				<u>to FY 2001</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Complete</u>	<u>Program</u>
Subtotal Product Development				133,813	15,954	4,580	2,251	0	156,598
Subtotal Support and Management				1,811	480	315	82	0	2,688
Subtotal Test and Evaluation				12,235	5,223	818	610	0	18,886
Total Project				147,859	21,657	5,713	2,943	0	178,172