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EXHIBIT R-2, RDT&E Budget Item Justification							DATE: February 2007		
APPROPRIATION/BUDGET ACTIVITY						R-1 ITEM NOMENCLATURE			
RESEARCH DEVELOPMENT TEST & EVALUATION, NAVY / BA-7						0307207N, AERIAL COMMON SENSOR			
COST (\$ in Millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	
Total PE Cost	4.793	17.117	16.606	74.726	102.829	253.509	263.000	269.000	
3015 AERIAL COMMON SENSOR	3.807	17.117	16.606	74.726	102.829	253.509	263.000	269.000	
9999 Congressional Add	.986								

(U) A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:

Provides funding for the Navy's Aerial Common Sensor (ACS) program. Provide funds for Navy ACS platform development. ACS is the Navy's recapitalization of existing EP-3E capabilities and offers a transformational platform to fulfill the Navy and OSD requirements for migration to the Joint Airborne SIGINT Architecture (JASA). RDT&E efforts under ACS will ensure connectivity to multi-service platforms and ground stations, procure five ACS test platforms and develop a mission system that will integrate Intelligence, Surveillance and Reconnaissance (ISR) mission requirements. ACS contract awarded 4th quarter FY2004 to Lockheed Martin Integrated Systems and Solutions, Littleton, Colorado. Army terminated contract for convenience on 12 January 2006. Army and Navy, in coordination with Air Force, are co-leading an OSD-directed ISR study. ISR study was completed 31 July 2006. In process of being briefed 1st quarter FY07.

B. PROGRAM CHANGE SUMMARY

Funding:	FY 2006	FY 2007	FY 2008	FY 2009
Previous President's Budget:	34.994	17.182	16.882	75.526
Current President' Budget	4.793	17.117	16.606	74.726
Total Adjustments	-30.201	-0.065	-0.276	-0.800

Summary of Adjustments

Congressional Reductions				
Congressional Rescissions				
Congressional Undistributed Reductions	0.449	-0.065		
Congressional Increases	1.029			
Economic Assumptions			-0.056	0.167
Miscellaneous Adjustments	-31.679		-0.220	-0.967
Subtotal	-30.201	-0.065	-0.276	-0.800

Schedule:

Acquisition Milestones: Moved IPR from 3Q FY08 to 1Q FY08. Removed Interim Program Review (IPR) from 4Q FY09.

Contract Milestones: TD Contract Award moved from 4Q FY08 to 2Q FY08.

Technical:

Not Applicable

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EXHIBIT R-2a, RDT&E Project Justification							DATE:		
APPROPRIATION/BUDGET ACTIVITY		PROGRAM ELEMENT NUMBER AND NAME			PROJECT NUMBER AND NAME				
RDT&E,N / BA-7		0307207N, AERIAL COMMON SENSOR			3015, AERIAL COMMON SENSOR				
COST (\$ in Millions)		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
3015 AERIAL COMMON SENSOR		3.807	17.117	16.606	74.726	102.829	253.509	263.000	269.000
RDT&E Articles Qty									

A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:

Provides funding for the Navy's Aerial Common Sensor (ACS) program. Provide funds for Navy ACS platform development. ACS is the Navy's recapitalization of existing EP-3E capabilities and offers a transformational platform to fulfill the Navy and OSD requirements for migration to the Joint Airborne SIGINT Architecture (JASA). RDT&E efforts under ACS will ensure connectivity to multi-service platforms and ground stations, procure five ACS test platforms and develop a mission system that will integrate Intelligence, Surveillance and Reconnaissance (ISR) mission requirements. ACS contract awarded 4th quarter FY2004 to Lockheed Martin Integrated Systems and Solutions, Littleton, Colorado. Army terminated contract for convenience on 12 January 2006. Army and Navy, in coordination with Air Force, are co-leading an OSD-directed ISR study. ISR study was completed 31 July 2006. In process of being briefed 1st quarter FY07.

B. ACCOMPLISHMENTS / PLANNED PROGRAM:

ACS Trade Study and Tech Develop activities	FY 2006	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost		7.928	7.493	61.456
RDT&E Articles Qty				

Contract terminated for convenience on 12 Jan 2006. Set aside for Lockheed Martin termination liability cost. FY2007 consisted of conducting Trade Study based on results of A0A. FY08 continues Trade Study and begins Technology Development (TD) activities with number of contractors TBD. FY09 continues TD.

Support ACS initial test and eval doc/plan	FY 2006	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost			.160	1.064
RDT&E Articles Qty				

FY08 and FY09 activities support initial test and evaluation documentation and planning.

ACS govt/contr sys eng support; OSD ISR study	FY 2006	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	3.807	9.189	8.953	12.206
RDT&E Articles Qty				

Fund ACS government and contractor systems engineering and engineering support. Fund ACS program management. Support OSD directed joint airborne ISR study, development of an Analysis of Alternatives, Concept of Operations and requirements / capabilities documentation. FY08 funding supports Trade Study and TD. FY09 funding supports TD phase.

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EXHIBIT R-2a, RDT&E Project Justification							DATE: February 2007				
APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA-7		PROGRAM ELEMENT NUMBER AND NAME 0307207N, AERIAL COMMON SENSOR				PROJECT NUMBER AND NAME 3015, AERIAL COMMON SENSOR					
C. OTHER PROGRAM FUNDING SUMMARY:		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total Cost
Not Applicable											

**D. ACQUISITION STRATEGY:**

Army Acquisition Strategy signed by the MDA, USD (ATL) on 19 Dec 2003. Army Milestone B approval to proceed with Systems Development and Demonstration (SDD) occurred 4th QTR FY2004. ACS contract awarded 4th QTR FY2004 to Lockheed Martin Integrated Systems and Solutions, Littleton, Colorado. Contract terminated for convenience 12 January 2006. ISR study was completed 31 July 2006 and briefed 1st quarter FY07.

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Exhibit R-3 Cost Analysis (page 1)										DATE: February 2007		
APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA-7		PROGRAM ELEMENT 0307207N, AERIAL COMMON SENSOR				PROJECT NUMBER AND NAME 3015, AERIAL COMMON SENSOR						
Cost Categories	Contract Method & Type	Performing Activity & Location	Total PY s Cost	FY 2007 Cost	FY 2007 Award Date	FY 2008 Cost	FY 2008 Award Date	FY 2009 Cost	FY 2009 Award Date	Cost to Complete	Total Cost	Target Value of Contract
PRODUCT DEVELOPMENT												
Primary Hdw Development - Army	C-CPAF	Lockheed Martin, Littleton, CO	19.590									
Primary Hdw Dev Trade Study/TD	C-CPAF	TBD		7.928	Apr 2007	7.493	Jan 2008	61.456	Dec 2008	Continuing	Continuing	
SUBTOTAL PRODUCT DEVELOPMENT			19.590	7.928		7.493		61.456		Continuing	Continuing	

Remarks: Contract terminated for convenience on 12 January 2006.

SUPPORT												
SUBTOTAL SUPPORT												

Remarks:

TEST & EVALUATION												
Dev Test & Eval	WX	NAWCAD, PATUXENT RIVER MD	.790			.160	Nov 2007	1.064	Nov 2008	Continuing	Continuing	
SUBTOTAL TEST & EVALUATION			.790			.160		1.064		Continuing	Continuing	

Remarks:

MANAGEMENT												
ENGINEERING & TECH SRVC (NON-F	C-CPFF	A T & T GOVERNMENT SOLUTIONS, INC,	3.793	3.824	Nov 2006	2.263	Nov 2007	2.264	Nov 2008	Continuing	Continuing	
ENGINEERING & TECH SRVC (NON-F	TBD	JOHNS HOPKINS UNIV, COLUMBIA, MD				1.040	Nov 2007	.216	Nov 2008	Continuing	Continuing	
Govt Engineering Support China	WX	NAWCWD, CHINA LAKE CA	.052	.170	Nov 2006	.388	Nov 2007	.411	Nov 2008	Continuing	Continuing	
Govt Engineering Support Pax R	WX	NAWCAD, PATUXENT RIVER MD	2.064	2.961	Nov 2006	3.633	Nov 2007	6.830	Nov 2008	Continuing	Continuing	
Govt Engineering Support TSD	WX	NAWCTSD, ORLANDO FL	.408	1.588	Nov 2006	.641	Nov 2007	1.242	Nov 2008	Continuing	Continuing	
Program Mgmt Sup	WX	NAWCAD, PATUXENT RIVER MD	.749	.616	Nov 2006	.958	Nov 2007	1.193	Nov 2008	Continuing	Continuing	
Travel	WX	NAWCAD, PATUXENT RIVER MD	.111	.030	Nov 2006	.030	Nov 2007	.050	Nov 2008	Continuing	Continuing	
SUBTOTAL MANAGEMENT			7.177	9.189	Nov 2006	8.953	Nov 2007	12.206	Nov 2008	Continuing	Continuing	

Remarks:

Total Cost			27.557	17.117		16.606		74.726		Continuing	Continuing	
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EXHIBIT R-2a, RDT&E Project Justification							DATE: <b>February 2007</b>	
APPROPRIATION/BUDGET ACTIVITY <b>RDT&amp;E, N / BA-7</b>		PROGRAM ELEMENT NUMBER AND NAME <b>0307207N, AERIAL COMMON SENSOR</b>			PROJECT NUMBER AND NAME 9999 Congressional Add			
COST (\$ in Millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
9999 Congressional Add	<b>0.986</b>							
<p><b>A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:</b></p> <p>Congressional add.</p>								

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EXHIBIT R-2a, RDT&E Project Justification			DATE: <b>February 2007</b>	
APPROPRIATION/BUDGET ACTIVITY <b>RDT&amp;E, N /</b>	PROGRAM ELEMENT NUMBER AND NAME <b>0307207N, AERIAL COMMON SENSOR</b>	PROJECT NUMBER AND NAME 9999 Congressional Add		
<b>B. Accomplishments/Planned Program (Cont.)</b>				
9755N	FY 06	FY 07	FY 08	FY 09
Accomplishments / Effort / Sub-total Cost	0.986			
RDT&E Articles Quantity				
Fund ACS government and contractor systems engineering and engineering support. Fund ACS program management. Award RF Elint Converter contract to conduct engineering and development.				
	FY 06	FY 07	FY 08	FY 09
Accomplishments/Effort/Subtotal Cost				
RDT&E Articles Quantity				
	FY 06	FY 07	FY 08	FY 09
Accomplishments/Effort/Subtotal Cost				
RDT&E Articles Quantity				