

EXHIBIT R-2, RDT&E Budget Item Justification						DATE: February 2008		
APPROPRIATION/BUDGET ACTIVITY RESEARCH DEVELOPMENT TEST & EVALUATION, NAVY / BA-7					R-1 ITEM NOMENCLATURE 0207163N AMRAAM			
COST (\$ in Millions)		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Total PE Cost		6.131	2.497	8.556	3.635	3.322	3.762	3.784
0981 AMRAAM		6.131	2.497	8.556	3.635	3.322	3.762	3.784

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

This joint Navy/Air Force program is structured in response to the Joint Service Operational Requirement and Mission Element Need Statement to develop an air superiority air-to-air missile with significant improvements in operational utility and combat effectiveness. This program supports the integration of the AMRAAM into Navy aircraft with analysis of Navy unique applications, aircraft missile integration tasks, product improvement efforts including missile software upgrade development and procurement of hardware to support Navy test and evaluation tasks.

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B. PROGRAM CHANGE SUMMARY			
Funding:		<u>FY2007</u>	<u>FY2008</u>
Previous President's Budget:		6.680	4.579
Current President's Budget		6.131	2.497
Total Adjustments		-0.549	2.043
Summary of Adjustments			
Congressional Reductions			-2.000
Congressional Rescissions			
Congressional Undistributed Reductions	-0.049	-0.016	
Congressional Increases			
Economic Assumptions			-0.006
Miscellaneous Adjustments	-0.500	-0.066	2.049
Subtotal		-0.549	2.043
Schedule:			
AIM-120C-7 operational testing (OT) revealed a fuze anomaly, a correction for which was incorporated via the C-7 SWUP program. The re-testing of this correction, plus the extended schedule needed to complete the remaining OT missions pushed the successful completion of C-7 OT to August 2007. Initial fielding of missiles has been directed by both the Air Force and the Navy. IOC is expected in 2Q FY2008.			
Phase 4 program issues led to a restructured schedule, approved by the AF and Navy PEOs in Mar 06. Since then, additional development hardware and software delays, and test execution issues have further pushed the projected DT flight test schedule and SDD completion dates. The OT flight test schedule reflects both the SDD delay, plus an updated estimate in the overall time (16 months vs 12 months) to complete the OT flight test program. There is a corresponding impact on IOC dates. Phase 4 SIP/SWUP has been re-phased based on the revised SDD schedule.			
Technical:			
Not Applicable.			

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<p>B. ACCOMPLISHMENTS / PLANNED PROGRAM:</p> <table border="1"> <tr> <td>Continued aircraft integration</td> <td>FY 2007</td> <td>FY 2008</td> <td>FY 2009</td> </tr> <tr> <td>Accomplishments / Effort / Sub-total Cost</td> <td>1.439</td> <td>1.288</td> <td>1.304</td> </tr> <tr> <td>RDT&E Articles Qty</td> <td></td> <td></td> <td></td> </tr> </table> <p>Continue aircraft integration activities and test and evaluation for Navy unique requirements.</p> <table border="1"> <tr> <td>Continued to identify potential improvements</td> <td>FY 2007</td> <td>FY 2008</td> <td>FY 2009</td> </tr> <tr> <td>Accomplishments / Effort / Sub-total Cost</td> <td>1.658</td> <td>0.400</td> <td>2.580</td> </tr> <tr> <td>RDT&E Articles Qty</td> <td></td> <td></td> <td></td> </tr> </table> <p>Continue engineering support of AMRAAM, including investigation and analysis of technologies that offer potential improvements in AMRAAM lethality/performance and compatibility with related weapons systems.</p> <table border="1"> <tr> <td>Continued Phase 4 SDD efforts</td> <td>FY 2007</td> <td>FY 2008</td> <td>FY 2009</td> </tr> <tr> <td>Accomplishments / Effort / Sub-total Cost</td> <td>3.034</td> <td>0.809</td> <td>4.672</td> </tr> <tr> <td>RDT&E Articles Qty</td> <td></td> <td></td> <td></td> </tr> </table> <p>Continue system engineering and test activities in AMRAAM Phase 4 program which include conducting Proof of Manufacturing (POM) testing, final testing of Phase 4 software, aircraft integration/aircraft Operational Flight Program (OFF) efforts and Phase 4 test/equipment tasks. Continue system engineering/aircraft integration activities for System Improvements Program (SIP) planning with emphasis on Navy unique compatibility requirements and Navy aircraft integration/compatibility requirements. Commence Medium Range Missile (MRM) Concept Development to fund the initial exploratory efforts for future technological advancements to AMRAAM to combat evolving threats.</p>								Continued aircraft integration	FY 2007	FY 2008	FY 2009	Accomplishments / Effort / Sub-total Cost	1.439	1.288	1.304	RDT&E Articles Qty				Continued to identify potential improvements	FY 2007	FY 2008	FY 2009	Accomplishments / Effort / Sub-total Cost	1.658	0.400	2.580	RDT&E Articles Qty				Continued Phase 4 SDD efforts	FY 2007	FY 2008	FY 2009	Accomplishments / Effort / Sub-total Cost	3.034	0.809	4.672	RDT&E Articles Qty			
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APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA-7		PROGRAM ELEMENT NUMBER AND NAME 0207163N AMRAAM			PROJECT NUMBER AND NAME 0981 AMRAAM					
C. OTHER PROGRAM FUNDING SUMMARY:		<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>To Complete</u>	<u>Total Cost</u>
220600 AMRAAM WPN/P1# 4 \$		88.267	86.869	146.830	147.718	153.070	172.017	186.447	1,938.336	4,239.313
Related RDT&E										
PE 0207130F F-15										
PE 0204126N F/A-18 Squadrons										
PE 0207163F AMRAAM										
PE 0207133F F-16										
PE 0604239F F-22										
PE 0207134F F-15E										
D. ACQUISITION STRATEGY:										
<p>An updated Long Term Pricing Agreement (LTPA) strategy was approved at the March 2006 Executive Program Management Review (EPMR). During the EPMR both the Air Force and Navy PEOs approved a stand alone buy of 71 AIM-120C7, AIM-120D Captive Air Training Missiles (CATM), and 12 AIM-120D Operational Test (OT) missiles in FY06; a stand alone buy for 42 AIM-120D in FY07; and a 3 year LTPA for the years 2008-2010. The 328th Armament Systems Group (ARSG) will revisit the EPMR for missile mix in FY08.</p>										

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Exhibit R-3 Cost Analysis							DATE: FEBRUARY 2008					
APPROPRIATION/BUDGET ACTIVITY			PROGRAM ELEMENT		PROJECT NUMBER AND NAME							
RDT&E, N / BA-7			0207163N AMRAAM		0981 AMRAAM							
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 (EGLIN))	SS/CPAF	RAYTHEON COMPANY, TUCSON AZ	39.625	1.931	01/07	0.249	1/08	0.981	1/09	4.109	46.895	46.895
Award Fees (EGLIN)	SS/CPAF	VARIOUS	5.491	0.341	01/07	0.044	1/08	0.173	1/09	0.725	6.774	6.774
Primary Hdw Development (DAHLGREN)	WX	NSWC DAHLGREN D C XDM1 DAHLGREN VA		0.020	11/06	0.023	11/07	0.024	11/08	0.102	0.169	
Primary Hdw Development	TBD	TBD						3.000	1/09		3.000	3.000
Primary Hdw Development (NAWCAD)	WX	NAWCAD, PATUXENT RIVER MD		0.157	11/06	0.208	11/07	0.208	11/08	0.840	1.413	
Primary Hdw Development (NAWCWD)	WX	NAWCWD, PT MUGU CA		0.369	11/06	0.085	11/07	0.086	11/08	0.352	0.892	
Prior Years Hardware Dev	Various	VARIOUS	20.520								20.520	
SUBTOTAL PRODUCT DEVELOPMENT			65.636	2.818		0.609		4.472		6.128	79.663	
Remarks: Percentage of award fees actually awarded in past award fee periods is 15%.												
SUPPORT												
Development Support (BOEING)	SS/CPAF	MCDONNELL DOUGLAS CORP, ST LOUIS MO	2.907	0.700	01/07			2.100	01/09	0.400	6.107	6.107
Development Support (NSMA)	RX	NAVY SYST MGT ACT, ARLINGTON VA	1.229	0.808	12/06	0.250	12/07	0.250	12/08	0.863	3.400	
Studies & Analyses - JHU/APL	SS/FFP	NAVSEASYS COM, WASHINGTON DC	0.410	0.150	01/07	0.150	01/08	0.230	01/09	0.813	1.753	1.753
Prior Years Dev/Acft Integ	Various	VARIOUS	11.366								11.366	
SUBTOTAL SUPPORT			15.912	1.658		0.400		2.580		2.076	22.626	
Remarks:												
TEST & EVALUATION												
Dev Test & Eval (NAWCWD)	WX	NAWCWD, PT MUGU CA	2.375	1.439	11/06	1.288	11/07	1.304	11/08	5.486	11.892	
SUBTOTAL TEST & EVALUATION			2.375	1.439		1.288		1.304		5.486	11.892	
Remarks:												
MANAGEMENT												
Travel (PMA-259M)	MIPR	PMA-259 EGLIN AFB FL	1.708	0.216	10/06	0.200	10/07	0.200	10/08	0.813	3.137	
Prior Years Management	Various	VARIOUS	4.002								4.002	
SUBTOTAL MANAGEMENT			5.710	0.216		0.200		0.200		0.813	7.139	
Remarks:												
Total Cost			89.633	6.131		2.497		8.556		14.503	121.320	
Remarks:												

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EXHIBIT R4, Schedule Profile																	DATE: FEBRUARY 2008															
APPROPRIATION/BUDGET ACTIVITY/PROGRAM ELEMENT NUMBER AND NAME RDT&E, N / BA-7 0207163N AMRAAM													PROJECT NUMBER AND NAME 0981 AMRAAM																			
Fiscal Year	2007				2008				2009				2010				2011				2012				2013							
	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				
Pre-Planned Product Improvement (P3) Phase 3																																
IOC C7																																
Phase 3 SWUP																																
Pre-Planned Product Improvement (P3) Phase 4																																
SDD																																
SYSTEM DT/OT Start																																
IOC																																
Phase 4 SIP/SWUP																																
Pre-Planned Product Improvement (P3) MRM Concept Development																																
Contract awards																																
Deliveries																																

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Exhibit R-4a, Schedule Detail				DATE: FEBRUARY 2008			
APPROPRIATION/BUDGET ACTIVITY	PROGRAM ELEMENT		PROJECT NUMBER AND NAME				
RDT&E, N / BA-7	0207163N AMRAAM		0981 AMRAAM				
Schedule Profile	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
F/A-18 IOC of AIM120C7		2nd Qtr					
F-22 IOC of AIM120C7		2nd Qtr					
Phase 3 SWUP IOC		2nd Qtr					
SDD Completion Phase 4			1st Qtr				
Phase 4 SIP/SWUP Start (P3I Follow-On)			2nd Qtr				
P3I Follow-on Efforts			2nd-4th Qtr	1st-4th Qtr	1st-4th Qtr	1st-4th Qtr	1st-4th Qtr
System DT (Free flight) Start		1st Qtr					
System OT (F/A-18 E/F) Start			2nd Qtr				
System OT (F/A-18 E/F) Complete				3rd Qtr			
IOC F/A18 E/F (Objective)				1st Qtr			
IOC F/A18 E/F (Threshold)				3rd Qtr			
IOC F/A18 C/D				4th Qtr			
Medium Range Missile Concept Development Start			1st Qtr				
Medium Range Missile Concept Development Complete			4th Qtr				
Production Lot 21 Contract Award	3rd Qtr						
Production Lot 22 Contract Award		2nd Qtr					
Production Lot 23 Contract Award			2nd Qtr				
Production Lot 24 Contract Award				2nd Qtr			
Production Lot 25 Contract Award					2nd Qtr		
Production Lot 26 Contract Award						2nd Qtr	
Production Lot 27 Contract Award							2nd Qtr