

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 0307207N, AERIAL COMMON SENSOR	
COST (\$ in Millions)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Total PE Cost	13.717	8.164	74.604	102.562	253.281	262.845	268.904
3015 AERIAL COMMON SENSOR	13.717	8.164	74.604	102.562	253.281	262.845	268.904

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

Provides funding for the Navy's Aerial Common Sensor (ACS) program. Subsequent to budget submission, this program has been approved a new Program Element (PE): 0307217 EP-3 replacement (EPX). Funds should be appropriated under new PE.

EPX is the Navy's recapitalization of existing EP-3E capabilities and will be a transformational platform to fulfill Navy and OSD requirements for a manned multi-intelligence Intelligence, Surveillance, Reconnaissance and Targeting (ISR&T) capability. EPX RDT&E efforts will develop the system to meet the multi-intelligence ISR&T requirements, ensure connectivity to other service platforms and ground stations, and address an ISR capability gap presented by service life limits of the EP-3E.

Prior Navy ACS efforts were undertaken as part of the Army ACS contract, awarded 4th quarter FY2004 to Lockheed Martin Integrated Systems and Solutions, Littleton, Colorado. Army terminated the ACS contract for convenience on 12 January 2006. An April 2007 OSD Acquisition Decision Memorandum (ADM) rescinded the Army ACS Milestone (MS) B and directed that the services establish independent plans to re-capitalize their ISR systems. The Joint Requirements Oversight Council (JROC) validated separate service requirements in December 2007, and the Navy has established EPX as the program to accomplish their ISR&T re-capitalization.

The acquisition plan for EPX has been established, and system development activities are underway. FY07 and FY08 Pre-MS A risk reduction efforts with industry participation include requirements analysis, Concept of Operations (CONOPS) development, trade study analysis, specification development, system concept development, and threat analysis. MS A and award of Technology Development (TD) phase contracts are planned in FY09. MS B is planned in FY11.

B. PROGRAM CHANGE SUMMARY

Funding:	FY 2007	FY 2008	FY 2009
FY2008 President's Budget:	17.117	16.606	74.726
FY2009 President's Budget:	13.717	8.164	74.604
Total Adjustments	-3.400	-8.442	-0.122

Summary of Adjustments			
Congressional Reductions		-10.000	
Congressional Rescissions			
Congressional Undistributed Reductions		-0.042	
Congressional Increases		1.600	
Economic Assumptions			-0.122
Miscellaneous Adjustments	-3.400		
Subtotal	-3.400	-8.442	-0.122

Schedule:
FY07 and FY08 include pre-MS A risk reduction efforts. MS A and TD phase development is planned in FY09. MS B is planned in FY11.

Technical:
Pre-MS A technical activities include requirements analysis, Concept of Operations (CONOPS) development, trade study analysis, specification development, system concept development, and threat analysis. TD phase technical activities include maturation and approval of the requirements document and specification, requirements allocation to system and subsystem levels with industry, identification of program resource requirements, and initiation of prototype activities for key system technologies.

EXHIBIT R-2a, RDT&E Project Justification							DATE: February 2008		
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			
COST (\$ in Millions)			FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
3015 AERIAL COMMON SENSOR			13.717	8.164	74.604	102.562	253.281	262.845	268.904
RDT&E Articles Qty									
(U) A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:									
<p>Provides funding for the Navy's Aerial Common Sensor (ACS) program. EPX is the Navy's recapitalization of existing EP-3E capabilities and will be a transformational platform to fulfill Navy and OSD requirements for a manned multi-intelligence Intelligence, Surveillance, Reconnaissance and Targeting (ISR&T) capability. EPX RDT&E efforts will develop the system to meet the multi-intelligence ISR&T requirements, ensure connectivity and interoperability to other service platforms and ground stations, and address an ISR capability gap presented by service life limits of the EP-3E.</p> <p>Prior Navy ACS efforts were undertaken as part of the Army ACS contract, awarded 4th quarter FY2004 to Lockheed Martin Integrated Systems and Solutions, Littleton, Colorado. Army terminated the ACS contract for convenience on 12 January 2006. An April 2007 OSD Acquisition Decision Memorandum (ADM) rescinded the Army ACS Milestone (MS) B and directed that the services establish independent plans to re-capitalize their ISR systems. The JROC validated separate service requirements in December 2007, and the Navy has established EPX as the program to accomplish their ISR&T re-capitalization.</p> <p>The acquisition plan for EPX has been established, and program development system engineering activities are underway. FY07 and FY08 Pre-MS A risk reduction efforts with Industry participation include requirements analysis, Concept of Operations (CONOPS) development, trade study analysis, specification development, system concept development, and threat analysis. MS A and award of Technology Development (TD) phase contracts are planned in FY09. MS B is planned in FY11.</p>									
B. ACCOMPLISHMENTS / PLANNED PROGRAM:									
ACS/EPX Trade Study and Tech Develop Activities			FY 2007	FY 2008	FY 2009				
Accomplishments / Effort / Sub-total Cost			6.000	.250	65.018				
RDT&E Articles Qty									
<p>FY07 pre-MS A risk reduction tasks include requirements analysis, Concept of Operations (CONOPS) development, trade study analysis, and system concept development. Period of performance for these activities includes work in FY08. MS A and award of Technology Development (TD) phase contracts are planned in FY09. FY09 TD phase tasks will include requirements allocations to system and subsystem levels, identification of program resource requirements, and prototype efforts of key system technologies.</p>									
Support ACS/EPX initial test and eval doc/plan			FY 2007	FY 2008	FY 2009				
Accomplishments / Effort / Sub-total Cost				.160	1.356				
RDT&E Articles Qty									
Support initial test and evaluation planning and documentation.									
ACS/EPX govt/contr sys eng support; ISR study			FY 2007	FY 2008	FY 2009				
Accomplishments / Effort / Sub-total Cost			7.717	7.754	8.230				
RDT&E Articles Qty									
<p>Fund Government and Contractor systems engineering and engineering support to accomplish technical activities in FY07, FY08, and FY09. Fund Government EPX program management.</p>									
C. OTHER PROGRAM FUNDING SUMMARY: Not Applicable									
D. ACQUISITION STRATEGY: The EPX acquisition strategy will utilize an evolutionary program approach to develop increments of capability to meet the Navy's ISR&T mission needs and address the ISR gap presented by the service life limits of the EP-3E. A competitive environment will be maintained through the TD phase, with a single contractor selected following MS B to develop the system solution. The Pre-MS A and TD phase focus will be to establish achievable performance requirements, reduce technical risk, and identify mature cost and schedule parameters for development, procurement, and life cycle support. The System Development and Demonstration phase will design and produce production representative systems for test and evaluation. Production and deployment will occur following successful operational evaluation of those production representative systems.									

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Exhibit R-3 Cost Analysis (page 1)										DATE:					
APPROPRIATION/BUDGET ACTIVITY										PROGRAM ELEMENT			PROJECT NUMBER AND NAME		
RDT&E,N / BA-7										0307207N, AERIAL COMMON SENSOR			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 Dev	FFP	VARIOUS	19.590								19.590	19.590			
Primary Hdw Dev - TD Award	C-CPAF	TBD						52.598	Jan 2009	Continuing	Continuing				
Primary Hdw Dev - Trade Study	C-CPAF	TBD		5.000	Jan 2007	.250	Jul 2008			Continuing	Continuing				
Systems Engineering	WX	SPAWARSYSCEN SAN DIEGO CA						.444	Nov 2008	Continuing	Continuing				
Systems Engineering	WX	NAWCAD, PATUXENT RIVER, MD	.870					6.413	Nov 2008	Continuing	Continuing				
Training Development	WX	NAWCTSD, ORLANDO, FL	.702					.368	Nov 2008	Continuing	Continuing				
SUBTOTAL PRODUCT DEVELOPMENT			21.162	5.000		.250		59.823		Continuing	Continuing				
Remarks: Contract terminated for convenience on 12 January 2006.															
SUPPORT															
Dev Support	WX	NAWCAD, PATUXENT RIVER, MD						1.406	Nov 2008	Continuing	Continuing				
Dev Support	WX	VARIOUS						1.815	Nov 2008	Continuing	Continuing				
ENG & TECH SRVC (NON-FFRDC)	C-CPFF	VARIOUS						1.469	Nov 2008	Continuing	Continuing				
Software Development	WX	NAWCAD, PATUXENT RIVER, MD						.505	Nov 2008	Continuing	Continuing				
SUBTOTAL SUPPORT								5.195		Continuing	Continuing				
Remarks:															
TEST & EVALUATION															
Dev Test & Eval	WX	NAWCAD, PATUXENT RIVER, MD	.790			.160	Nov 2007	1.356	Nov 2008	Continuing	Continuing				
SUBTOTAL TEST & EVALUATION			.790			.160		1.356		Continuing	Continuing				
Remarks:															
MANAGEMENT															
ENG & TECH SRVC (NON-FFRDC)	C-CPFF	AT&T GOVT SOLUTIONS, INC, VIENNA, VA	3.793	.295	Jul 2007	2.000	Nov 2007	1.344	Nov 2008	Continuing	Continuing				
ENG & TECH SRVC (NON-FFRDC)	C-CPFF	JOHNS HOPKINS UNIV, COLUMBIA, MD		2.000	Mar 2007	1.000	Nov 2007	.500	Nov 2008	Continuing	Continuing				
Govt Engineering Support	WX	NAWCAD, PATUXENT RIVER, MD	2.064	4.443	Dec 2006	2.000	Nov 2007	2.171	Nov 2008	Continuing	Continuing				
Govt Engineering Support	WX	VARIOUS	.460	1.030	Dec 2006	1.529	Nov 2007	.214	Nov 2008	Continuing	Continuing				
Program Management Support	WX	NAWCAD, PATUXENT RIVER, MD	.749	.826	Dec 2006	1.154	Nov 2007	3.956	Nov 2008	Continuing	Continuing				
Travel	WX	NAWCAD, PATUXENT RIVER, MD	.111	.123	Dec 2006	.071	Oct 2007	.045	Oct 2008	Continuing	Continuing				
SUBTOTAL MANAGEMENT			7.177	8.717		7.754		8.230		Continuing	Continuing				
Remarks:															
Total Cost			29.129	13.717		8.164		74.604		Continuing	Continuing				
Remarks:															

CLASSIFICATION:

EXHIBIT R4, Schedule Profile																				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								
Fiscal Year	FY 2007				FY 2008				FY 2009				FY 2010				FY 2011				FY 2012				FY 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
Acquisition Milestones											MS A												MS B					
Contract Milestones							BAA Contract Award				TD Contract Award												SDD Contract Award					
System Development															SRR				Pre-IBR				SFR				IBR	
Test & Evaluation Milestones																											PDR	
Production Milestones																												
Deliveries																												

