

EXHIBIT R-2, RDT&E Budget Item Justification							DATE: <b>May 2009</b>	
APPROPRIATION/BUDGET ACTIVITY <b>RESEARCH DEVELOPMENT TEST &amp; EVALUATION, NAVY / BA-7</b>					R-1 ITEM NOMENCLATURE 0604227N, HARPOON MODIFICATIONS			
COST (\$ in Millions)	FY 2008	FY 2009	FY 2010					
Total PE Cost	<b>42.495</b>	<b>67.845</b>						
1843 Harpoon Block III	<b>42.495</b>	<b>67.845</b>						

**A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:**

The Harpoon Block III Weapons System was intended to upgrade and expand the capabilities of the Navy's only anti-ship, all weather missile to improve its precision in a congested, littoral environment. Modification of the RGM-84D and AGM-84D Harpoon 1C baseline missile will provide for Global Positioning System (GPS) accuracy, target selectivity in a littoral environment, and in-flight target position update solutions as well as positive terminal control. It would possess total organic capability (i.e. Autonomous Surface Group capability). Specific improvements would provide for significant target discrimination as well as minimized target-to-shore separation capability, Battle Hit Indications (BHI), connectivity with future network architecture, and Land Blanking capability. Harpoon Block III would provide for a concept of operations which will support existing Intelligence, Surveillance and Reconnaissance (ISR) Platform target detection and target/weapon position update (i.e. UAV, Helo, Fixed wing).

The Department of the Navy has directed the cancellation of the Harpoon Blk III program via Acquisition Decision Memorandum dated 14 April 2009. Assistant Secretary of the Navy for Research Development and Acquisition directed the use FY-09 funds to execute an orderly program cancellation and fund external program linkages cost share commitments (F/A-18 H8E Operational Flight Program (OFP), Next Generation Command and Control Processor (NGC2P) and Strike Common Weapon Data Link (SCWDL)) Additionally, PEO(U&W) was directed to coordinate with OPNAV N4 to resource those tasks required to ensure Harpoon Block IC sustainment of current fleet readiness. Air Harpoon Shipping Container (MK607) has been identified as a degrader to current fleet readiness due to a moisture intrusion problem which has resulted in the total loss of 30 missiles since 1998.

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<p><b>B. PROGRAM CHANGE SUMMARY:</b></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Funding:</th> <th style="text-align: right;">FY08</th> <th style="text-align: right;">FY09</th> <th style="text-align: right;">FY10</th> </tr> </thead> <tbody> <tr> <td>Previous President's Budget:</td> <td style="text-align: right;">42.547</td> <td style="text-align: right;">68.214</td> <td style="text-align: right;">33.317</td> </tr> <tr> <td>Current BES</td> <td style="text-align: right;">42.495</td> <td style="text-align: right;">67.845</td> <td style="text-align: right;">0.000</td> </tr> <tr> <td>Total Adjustments</td> <td style="text-align: right; border-top: 1px solid black;">-0.052</td> <td style="text-align: right; border-top: 1px solid black;">-0.369</td> <td style="text-align: right; border-top: 1px solid black;">-33.317</td> </tr> <tr> <td colspan="4" style="padding-left: 20px;">Summary of Adjustments</td> </tr> <tr> <td colspan="4" style="padding-left: 40px;">Congressional Rescissions</td> </tr> <tr> <td colspan="4" style="padding-left: 40px;">Congressional Adjustments</td> </tr> <tr> <td colspan="4" style="padding-left: 40px;">SBIR/STTR/FTT Assessments</td> </tr> <tr> <td></td> <td style="text-align: right;">-0.052</td> <td style="text-align: right;">-0.184</td> <td></td> </tr> <tr> <td colspan="4" style="padding-left: 40px;">Program Adjustments</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">-33.306</td> </tr> <tr> <td colspan="4" style="padding-left: 40px;">Rate/Misc Adjustments</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">-0.185</td> <td style="text-align: right;">-0.011</td> </tr> <tr> <td>Subtotal</td> <td style="text-align: right; border-top: 1px solid black;">-0.052</td> <td style="text-align: right; border-top: 1px solid black;">-0.369</td> <td style="text-align: right; border-top: 1px solid black;">-33.317</td> </tr> </tbody> </table> <p style="margin-top: 20px;">Schedule: The Department of the Navy has directed the cancellation of the program via an Acquisition Decision Memorandum dated 14 April 2009.</p> <p>Technical: Not Applicable.</p>			Funding:	FY08	FY09	FY10	Previous President's Budget:	42.547	68.214	33.317	Current BES	42.495	67.845	0.000	Total Adjustments	-0.052	-0.369	-33.317	Summary of Adjustments				Congressional Rescissions				Congressional Adjustments				SBIR/STTR/FTT Assessments					-0.052	-0.184		Program Adjustments							-33.306	Rate/Misc Adjustments						-0.185	-0.011	Subtotal	-0.052	-0.369	-33.317
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EXHIBIT R-2a, RDT&E Project Justification							DATE: <b>May 2009</b>	
APPROPRIATION/BUDGET ACTIVITY <b>RDT&amp;E, N / BA-7</b>		PROGRAM ELEMENT NUMBER AND NAME 0604227N, HARPOON MODIFICATIONS			PROJECT NUMBER AND NAME 1843, HARPOON BLOCK III			
COST (\$ in Millions)	FY 2008	FY 2009	FY 2010					
1843 Harpoon Block III	<b>42.495</b>	<b>67.845</b>						
RDT&E Articles Qty	<b>12</b>							

**A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:**

The Harpoon Block III Weapons System was intended to upgrade and expand the capabilities of the Navy's only anti-ship, all weather missile to improve its precision in a congested, littoral environment. Modification of the RGM-84D and AGM-84D Harpoon 1C baseline missile will provide for Global Positioning System (GPS) accuracy, target selectivity in a littoral environment, and in-flight target position update solutions as well as positive terminal control. It would possess total organic capability (i.e. Autonomous Surface Group capability). Specific improvements would provide for significant target discrimination as well as minimized target-to-shore separation capability, Battle Hit Indications (BHI), connectivity with future network architecture, and Land Blanking capability. Harpoon Block III would provide for a concept of operations which will support existing Intelligence, Surveillance and Reconnaissance (ISR) Platform target detection and target/weapon position update (i.e. UAV, Helo, Fixed wing).

The Department of the Navy has directed the cancellation of the Harpoon Blk III program via Acquisition Decision Memorandum dated 14 April 2009.

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**B. Accomplishments/Planned Program**

Surface Harpoon Block III Design/Development	FY 08	FY 09	FY 10
Accomplishments/Effort/Subtotal Cost	26.205	24.281	
RDT&E Articles Quantity	4		

Surface Harpoon - Funding is for Block III missile and ship kit design, prototype development and fabrication, Missile Guidance Control Unit design and integration, data link and GPS integration and missile Operational Flight Program (OFP) software design and development.

Air Harpoon Block III Design/Development	FY 08	FY 09	FY 10
Accomplishments/Effort/Subtotal Cost	3.188	30.957	
RDT&E Articles Quantity	3		

Air Harpoon - Funding is for Block III missile kit design and development, prototype development and fabrication, Missile Guidance Control Unit design and integration, data link and GPS integration, aircraft OFP software development and integration and missile OFP software design and development.

Launch Control System Interface Design	FY 08	FY 09	FY 10
Accomplishments/Effort/Subtotal Cost	13.102	12.607	
RDT&E Articles Quantity	5		

Harpoon Shipboard Command Launch Control Set (HSCLCS) interface design. Harpoon Embedded Trainer (HET), Harpoon Operational Tactical Training System (HOTTS), and Harpoon Guided Missile Simulator (HGMS) upgrade development.

The Department of the Navy has directed the cancellation of the Harpoon Blk III program via Acquisition Decision Memorandum dated 14 April 2009. Assistant Secretary of the Navy for Research Development and Acquisition directed the use FY-09 funds to execute an orderly program cancellation and fund external program linkages cost share commitments (F/A-18 H8E OFP, NGC2P CDLMS 3.8 and SCWDL datalink). Additionally, PEO(U&W) was directed to coordinate with OPNAV N4 to resource those tasks required to ensure Harpoon Block IC sustainment of current fleet readiness.

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<b>RDT&amp;E, N / BA-7</b>	0604227N, HARPOON MODIFICATIONS	1843, HARPOON BLOCK III	
<b>C. OTHER PROGRAM FUNDING SUMMARY:</b>			
<u>Line Item No. &amp; Name</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Not Applicable			
<b>D. ACQUISITION STRATEGY:</b>			
<p>The Department of the Navy has directed the cancellation of the Harpoon Blk III program via Acquisition Decision Memorandum dated 14 April 2009. Assistant Secretary of the Navy for Research Development and Acquisition directed the use FY-09 funds to execute an orderly program cancellation and fund external program linkages cost share commitments (F/A-18 H8E OFP, NGC2P CDLMS 3.8 and SCWDL datalink). Additionally, PEO(U&amp;W) was directed to coordinate with OPNAV N4 to resource those tasks required to ensure Harpoon Block IC sustainment of current fleet readiness.</p>			

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Exhibit R-3 Cost Analysis (page 1)							DATE: <b>May 2009</b>				
APPROPRIATION/BUDGET ACTIVITY			PROGRAM ELEMENT			PROJECT NUMBER AND NAME					
<b>RDT&amp;E, N / BA-7</b>			0604227N, HARPOON MODIFICATIONS			1843, HARPOON BLOCK III					
Cost Categories	Contract Method & Type	Performing Activity & Location	Total PY s Cost	FY 09 Cost	FY 09 Award Date	FY 10 Cost	FY 10 Award Date				
<b>PRODUCT DEVELOPMENT</b>											
Aircraft Integration	WX	NAWCWD, China Lake CA	0.903	5.601	11/08						
Aircraft Integration	SS-CPIF	Boeing, St. Louis F/A-18	7.055	8.434	11/08						
Aircraft Integration	SS-CPIF	McDonnell Douglas Corp, St. Louis		7.974	11/08						
Ancillary HDW Development	SS-CPIF	BSC Systems Inc, Reston VA	0.668	0.400	11/08						
Ancillary HDW Development	WX	NAWCWD, China Lake CA	4.206	1.672	11/08						
Primary HDW Development	SS-CPFF	Raytheon	7.869	1.000	11/08						
Primary HDW Development	SS-CPFF	McDonnell Douglas Corp, St. Louis	2.517								
Primary HDW Development	SS-CPFF	McDonnell Douglas Corp, St. Louis	1.334								
Primary HDW Development	SS-CPIF	McDonnell Douglas Corp, St. Louis	9.217	9.402	11/08						
Ship Integration	WX	NSWC Port Hueneme, CA	1.280	1.084	11/08						
Ship Integration	WX	SPAWARSYSCEN, San Diego, CA	0.900	0.525	11/08						
Systems Engineering	WX	NAWCAD, Patuxent River, MD	0.330	0.250	11/08						
Subtotal Product Development			36.279	36.342							
<p>Remarks: Totals might not add due to rounding.</p> <p>Computation of termination costs for Harpoon BLK III are currently being developed.</p>											
<b>DEVELOPMENT SUPPORT</b>											
Software Development	WX	NSWC Indian Head, MD	0.439	0.367	11/08						
Software Development	SS-CPIF	McDonnell Douglas Corp, St. Louis	15.598	12.060	11/08						
Software Development	SS-CPFF	Delex Systems, Inc, Vienna, VA		1.000	11/08						
Integrated Logistic Support	WX	NAWCWD, China Lake, CA	2.041	1.667	11/08						
Development Support	WX	NSWC Dahlgren, Dahlgren VA	0.625	0.350	11/08						
Subtotal Support			18.703	15.444							
<p>Remarks: Totals might not add due to rounding.</p> <p>Computation of termination costs for Harpoon BLK III are currently being developed.</p>											

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Exhibit R-3 Cost Analysis (page 2)								DATE: <b>May 2009</b>			
APPROPRIATION/BUDGET ACTIVITY			PROGRAM ELEMENT			PROJECT NUMBER AND NAME					
<b>RD&amp;E, N / BA-7</b>			0604227N, HARPOON MODIFICATIONS			1843, HARPOON BLOCK III					
Cost Categories	Contract Method & Type	Performing Activity & Location	Total PY s Cost	FY 09 Cost	FY 09 Award Date	FY 10 Cost	FY 10 Award Date				
<b>TEST &amp; EVALUATION</b>											
Developmental Test & Evaluation	SS-CPIF	McDonnel Douglas Corp, St. Louis MO	2.263	9.217	11/08						
Developmental Test & Evaluation	WX	NAWCWD, China Lake CA	2.190	1.668	11/08						
Developmental Test & Evaluation	WX	PEO IWS		0.292	11/08						
Developmental Test & Evaluation	WX	NSWC Dahlgren, Dahlgren VA									
Developmental Test & Evaluation	WX	NSWC Port Hueneme CA	0.800	0.705	11/08						
Developmental Test & Evaluation	SS-CPIF	McDonnel Douglas Corp, St. Louis MO	0.760	0.760	11/08						
Developmental Test & Evaluation	SS-CPIF	Raytheon	0.594	0.597	11/08						
Developmental Test & Evaluation	WX	NAWCWD, China Lake CA	0.125	0.150	11/08						
Operational Test & Evaluation	SS-CPIF	Delex Systems Inc, Vienna VA									
Operational Test & Evaluation	VARIOUS	VARIOUS	1.088	0.787	11/08						
Operational Test & Evaluation	WX	Oper T&E for CD 30, Norfolk VA	0.495	0.595	11/08						
Subtotal T&E			8.315	14.771							
<p>Remarks: Totals may not add due to rounding.</p> <p>Computation of termination costs for Harpoon BLK III are currently being developed.</p>											
<b>MANAGEMENT</b>											
Government Engineering Support	WX	NAWCAD, Patuxent River, MD	0.585	0.608	11/08						
Contractor Engineering Support	C/CPFF	TBD	0.505	0.530	12/08						
Travel	TO	NAVAIR, Patuxent River, MD	0.299	0.150	11/08						
Subtotal Management			1.389	1.288							
<p>Remarks: Totals may not add due to rounding.</p> <p>Computation of termination costs for Harpoon BLK III are currently being developed.</p>											
Total Cost			64.686	67.845							
<p>Remarks: Totals may not add due to rounding.</p>											

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EXHIBIT R4, Schedule Profile												DATE: <b>May 2009</b>							
APPROPRIATION/BUDGET ACTIVITY <b>RDT&amp;E, N / BA-7</b>				PROGRAM ELEMENT NUMBER AND NAME 0604227N, HARPOON MODIFICATIONS								PROJECT NUMBER AND NAME 1843, HARPOON BLOCK III							
Fiscal Year	2008				2009				2010										
	1	2	3	4	1	2	3	4	1	2	3	4							
SURFACE & AIR - LAUNCHED Milestone DECISIONS	▲ MSB																		
SYSTEM DEVELOPMENT AND DEMONSTRATION MILESTONES	Pre-SDD Risk Reduction	▲ SRR	▲ Award SDD Contract	▲ PDR	SDD Closeout Activities														
Production Milestone																			

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