

UNCLASSIFIED

Exhibit R-2, RDT&E Budget Item Justification							Date: February 2003	
Appropriation/Budget Activity RDT&E/Defense Wide BA7				R-1 Item Nomenclature: NATO Alliance Ground Surveillance (NATO AGS), PE 1001018D8Z				
Cost (\$ in millions)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Total PE Cost	0	0	24.721	73.550	97.833	117.149	146.611	195.228
A. Mission Description and Budget Item Justification:								
(U) This project supports the U.S. share of the cost for NATO to acquire a ground surveillance capability similar to what their owned and operated Airborne Warning and Control System (AWACS) provides for air surveillance.								
(U) The North Atlantic Council (NAC) validated the requirement in 1995 for a NATO-owned and operated core air-to-ground surveillance capability supplemented by interoperable national assets. Since then, the Major NATO Commanders have consistently made Alliance Ground Surveillance (AGS) their number one equipment acquisition priority.								
<ul style="list-style-type: none"> • October 1997, NATO Conference of National Armaments Directors (CNAD) approved AGS NATO Staff Requirement (NSR) • April 1999, NATO Washington Summit <i>Defense Capabilities Initiatives</i> (DCI) included need for a NATO-owned and operated core system for ground surveillance • September 2001, Reinforced NAC (RNAC) re-affirmed need for a NATO-owned and operated AGS capability by 2010 • November 2002, NATO Prague Summit approved <i>Prague Capabilities Commitment</i> (PCC) that includes an airborne ground surveillance capability 								
(U) In September 2002, the NATO AGS Steering Committee approved a Master Schedule supporting a 2010 Initial Operating Capability (IOC) with Full Operational Capability (FOC) by 2013.								
(U) This project is a new start since the previous President's budget beginning in FY 2004.								
B. Program Change Summary:								
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>				
Previous President's Budget	0.000	0.000	0.000	0.000				
Current FY 2004 President's Budget	0.000	0.000	24.721	73.550				
Total Adjustments				+24.721	+73.550			
Congressional program reductions								
Congressional rescissions								
Congressional increases								
Reprogrammings								
SBIR/STTR Transfer								
Other				(+24.721)	(+73.550)			
C. Other Program Funding Summary: N/A								
D. Acquisition Strategy. N/A								