Exhibit R-2, RDT&E Budget Item Justification: PB 2025 Army											Date: March 2024	
Appropriation/Budget Activity 2040: *Research, Development, Test & Evaluation, Army* / BA 5: *System Development & Demonstration (SDD)*					R-1 Program Element (Number/Name) PE 0605235A / *Strategic Mid-Range Capability*							
COST ($ in Millions)	**Prior Years**	**FY 2023**	**FY 2024**	**FY 2025 Base**	**FY 2025 OCO**	**FY 2025 Total**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**	**Cost To Complete**	**Total Cost**
Total Program Element	-	4.833	348.855	182.823	-	182.823	294.410	189.293	71.629	69.411	0.000	1,161.254
CQ4: *Mid-Range Capability*	-	4.833	348.855	182.823	-	182.823	294.410	189.293	71.629	69.411	0.000	1,161.254

A. Mission Description and Budget Item Justification

This funding line is directly aligned to the Army Long-Range Precision Fires Modernization Priority. The Mid-Range Capability (MRC) Weapon System leverages Joint Service technologies and integration of common hardware, software, and mutually supporting test events. MRC provides Ground Support Equipment (GSE) to include a Battery Operations Center (BOC) with support vehicles, launcher Payload Deployment System (PDS), and reload support to fire a mix of missiles capable of engaging strategic targets at mid-range distances. MRC leverages existing Standard Missile 6 (SM-6) and Tomahawk technology to include command and control systems and missile variants to provide a responsive, highly accurate capability designed for high value targets. MRC is optimized for the penetration / dis-integration phase of Multi-Domain Operations (MDO) by defeating enemy Anti-Access / Area Denial (A2/AD) systems, enabling Combatant Commanders freedom of maneuver. Five MRC batteries will be developed and fielded; the initial prototype MRC battery was developed and fielded by Rapid Capabilities and Critical Technologies Office (RCCTO) and four additional MRC batteries by Program Executive Office Missiles and Space (PEO MS).

The first MRC prototype weapon system battery delivered in FY 2023 as the First Unit of Issue (FUI) provided residual combat capability consisting of four (4) launchers, BOC, reload support, and basic load of missiles consisting of eight SM-6 Block 1A and eight Tomahawk Block V. Follow on annual delivery of the next three batteries (Battery 2 through 4) will be with RDT&E under a Middle Tier of Acquisition Rapid Prototyping pathway.

FY 2025 base funding in the amount of $182.823 million allows for developing, testing, evaluating, system engineering and integrating system improvements while ensuring safe, suitable and sustainable operational fielding of the remaining prototype batteries. Base funding also allows for purchasing and receiving hardware and materials to implement prototype fabrication, and to support component-level and system-level qualification. FY2025 base funding will be used to continue incrementally funding fabrication, integration of new design requirements, and technology insertions adding additional capabilities to the batteries.

The total cost of the MRC Middle Tier of Acquisition (MTA) effort is $540.1 million RDT&E from FY 2024 to FY 2026.The remainder of MRC MTA is fully funded across the Future Years Defense Program.

Funding in the amount of $0.721 million supports Pacific Deterrence Initiative (PDI).

Exhibit R-2, RDT&E Budget Item Justification: PB 2025 Army	Date: March 2024
Appropriation/Budget Activity 2040: *Research, Development, Test & Evaluation, Army I* BA 5: *System Development & Demonstration (SDD)*	**R-1 Program Element (Number/Name)** PE 0605235A *I Strategic Mid-Range Capability*

B. Program Change Summary ($ in Millions)	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total
Previous President's Budget	5.016	348.855	432.806	-	432.806
Current President's Budget	4.833	348.855	182.823	-	182.823
Total Adjustments	-0.183	0.000	-249.983	-	-249.983
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	0.001	-			
• SBIR/STTR Transfer	-0.184	-			
• Adjustments to Budget Years	-	-	-249.983	-	-249.983

Change Summary Explanation

FY 2025 funds were realigned to Missile Procurement Army (MIPA) to align with the Acquisition Strategy for Battery 5 Ground Support Equipment (GSE) and to procure additional tomahawk missiles including the Maritime Strike (MST) variant.

Exhibit R-2A, RDT&E Project Justification: PB 2025 Army			Date: March 2024
Appropriation/Budget Activity 2040 / 5	R-1 Program Element (Number/Name) PE 0605235A / *Strategic Mid-Range Capability*	Project (Number/Name) CQ4 / *Mid-Range Capability*	

COST ($ in Millions)	Prior Years	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total	FY 2026	FY 2027	FY 2028	FY 2029	Cost To Complete	Total Cost
CQ4: *Mid-Range Capability*	-	4.833	348.855	182.823	-	182.823	294.410	189.293	71.629	69.411	0.000	1,161.254
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

A. Mission Description and Budget Item Justification

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The total cost of the MRC Middle Tier of Acquisition (MTA) effort is $540.1 million RDT&E from FY 2024 to FY 2026.The remainder of MRC MTA is fully funded across the Future Years Defense Program.

B. Accomplishments/Planned Programs ($ in Millions)	FY 2023	FY 2024	FY 2025
Title: MRC Prototype Program Transition and Startup	4.833	-	-
Description: Program Executive Office Missiles and Space (PEO MS) develops agreements, decision points, acquisition strategies and plans which documents the transition of the Rapid Capabilities and Critical Technologies Office (RCCTO) prototype Mid-Range Capability (MRC) to a Programs of Record, thus aligning the Defense Management process and Secretary of the Army guidance for completing and fielding MRC equipment. The MRC Ground Support Equipment (GSE) leverages Joint Service technologies and integration of common hardware, software, and mutually supporting test events. This includes the Battery			

Exhibit R-2A, RDT&E Project Justification: PB 2025 Army		Date: March 2024
Appropriation/Budget Activity 2040 / 5	**R-1 Program Element (Number/Name)** PE 0605235A / *Strategic Mid-Range Capability*	**Project (Number/Name)** CQ4 / *Mid-Range Capability*

B. Accomplishments/Planned Programs ($ in Millions)	FY 2023	FY 2024	FY 2025
Operations Center (BOC), launcher Payload Deployment System (PDS), prime movers, trailers, generators, cabling, and support vehicles. The MRC BOC houses the federated Command and Control systems which enable the capability to fire a mix of missiles. The MRC Launcher PDS stows and fires a mix of missile types to include SM-6 and Tomahawk missiles capable of flying at various speeds and altitudes for engage desired targets at range. Additional missiles may integrate into the MRC GSE to meet capability needs to include Defense of Guam.			
Title: Mid-Range Capability Prototype Program	-	348.855	182.823
FY 2024 Plans: The FY 2024 Base funding in the amount of $348.855 million funds the fabrication, integration of design requirements, and test and evaluation for the Mid-Range Capabilities (MRC) Ground Support Equipment (GSE) and to enable completion and fielding of the prototype Battery 2. Base funding allows for integration of design requirements and evaluation of MRC GSE required characteristics to ensure safe and effective operational fielding of the prototype Batteries 2, 3, and 4. Funds the Original Equipment Manufacturer's (OEM) effort to purchase hardware and materials and receive Government Furnished Equipment (GFE) to fabricate and to support component-level and system-level qualification for MRC GSE. Base funding also allows for the System Engineering and Program Management of integration across military branches to include the OEM contractor and Other Government Agencies (OGA) in order to ensure a common MRC GSE. Funding provides for the Government and Contractor coordination required to perform systems engineering for system integration and check out, verify cybersecurity requirements, manage software development, verify transportation requirements, and plan and execute test and evaluation events to support fielding. This funding allows for developing, testing, evaluating, systems engineering and integrating of system improvements while ensuring safe, suitable and sustainable operational fielding of the MRC GSE solution through Technology Insertion Points adding additional capabilities to the prototype batteries. Additional integration efforts include improved communications, rapid reloading, improved mobility, weight reduction, M-Code implementation, software development, cyber security, transportability and locality-based enhancements. Provides Systems Engineering and Government Program Management required to deliver the prototype battery to a combat unit.			
FY 2025 Plans: The FY 2025 Base funding in the amount of $182.823 million funds the fabrication, integration of design requirements, and test and evaluation for the Mid-Range Capabilities (MRC) Ground Support Equipment (GSE) and to enable completion and fielding of the prototype Battery 3. Base funding allows for integration of design requirements and evaluation of MRC GSE required characteristics to ensure safe and effective operational fielding of the prototype Batteries 3 and 4. Funds the Original Equipment Manufacturer's (OEM) effort to purchase hardware and materials and receive Government Furnished Equipment (GFE) to fabricate and to support component-level and system-level qualification for MRC GSE.			

Exhibit R-2A, RDT&E Project Justification: PB 2025 Army		Date: March 2024
Appropriation/Budget Activity 2040 / 5	**R-1 Program Element (Number/Name)** PE 0605235A / *Strategic Mid-Range Capability*	**Project (Number/Name)** CQ4 / *Mid-Range Capability*

B. Accomplishments/Planned Programs ($ in Millions)	FY 2023	FY 2024	FY 2025
Base funding also allows for the System Engineering and Program Management of integration across military branches to include the OEM contractor and Other Government Agencies (OGA) in order to ensure a common MRC GSE. Funding provides for the Government and Contractor coordination required to perform systems engineering for system integration and check out, verify cybersecurity requirements, manage software development, verify transportation requirements, and plan and execute test and evaluation events to support fielding. This funding allows for developing, testing, evaluating, systems engineering and integrating of system improvements while ensuring safe, suitable and sustainable operational fielding of the MRC GSE solution through Technology Insertion Points adding additional capabilities to the prototype batteries. Additional integration efforts include improved communications, rapid reloading, improved mobility, weight reduction, M-Code implementation, software development, cyber security, transportability and locality-based enhancements. Provides Systems Engineering and Government Program Management required to deliver the prototype battery to a combat unit. ***FY 2024 to FY 2025 Increase/Decrease Statement:*** The final Mid Range Capability(MRC) Prototype battery is predominantly funded in Fiscal Year 2024. Therefore, prototype manufacturing costs is reduced in FY 2025, with a focus on technology insertions and testing of enhanced capability.			
Accomplishments/Planned Programs Subtotals	4.833	348.855	182.823

C. Other Program Funding Summary ($ in Millions)

Line Item	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total	FY 2026	FY 2027	FY 2028	FY 2029	Cost To Complete	Total Cost
• C81200: *MID-RANGE CAPABILITY (MRC)*	-	169.519	233.037	-	233.037	56.623	265.688	376.428	380.192	0.000	1,481.487

Remarks

D. Acquisition Strategy

The Army Rapid Capabilities and Critical Technologies Office (RCCTO) transitioned MRC to the Program Executive Office Missiles and Space (PEO MS) in 1Q FY2024. RCCTO delivered the first MRC Battery in FY23, consisting of one Battery Operations Center (BOC), four launchers, one BOC Support Vehicle (BSV), and a reload capability. RCCTO also delivered the first eight Tomahawk and eight Standard Missile 6 (SM-6) missiles for operational use. PEO MS will complete the development, delivery, and fielding of the remaining four MRC batteries.

The Army intends to deliver three MRC batteries (MRC Batteries 2-4) no later than FY26 under the Middle Tier of Acquisition (MTA) Rapid Prototyping (RP) Acquisition Pathway Acquisition Decision Memorandum (ADM). MRC will be pursuing a follow-on ADM 2Q FY2025 for the acquisition and delivery of the fifth MRC Battery NLT FY27, which is planned for an alternative acquisition pathway, to be determined. Initial procurement funding for Battery 5 procurement is programmed in FY 2025 under APE 9214C81200.

Exhibit R-2A, RDT&E Project Justification: PB 2025 Army		Date: March 2024
Appropriation/Budget Activity 2040 / 5	**R-1 Program Element (Number/Name)** PE 0605235A / *Strategic Mid-Range Capability*	**Project (Number/Name)** CQ4 / *Mid-Range Capability*

For Batteries 2 through 4, MRC will use mature technologies and continue to evolve them to meet operational needs within the Army's required delivery timeline. The MTA RP strategy reduces program risk, allows for technology upgrades with each Battery and enables industry to quickly deliver capability within the five-year window. The Navy's VLS, Tomahawk, and SM-6 are all fielded systems with an extensive track record of operational success. MRCPO integrates the missiles, launchers, and C2 hardware into a land-based configuration with the goal of staying common with the Navy's fielded systems. This approach minimizes developmental efforts and thereby reduces overall technical risk. Known technology improvements, such as wireless communications, survivability upgrades, and incorporation of future missile variants, necessitate changes to each battery.

PEO MS is leveraging the existing Other Transaction Authority (OTA) agreement issued under RCCTO. The OTA includes priced Cost-Plus Fixed Fee options for Batteries 2-4. In FY24, RCCTO Contracts will novate the OTA to Army Contracting Command Redstone Arsenal who will provide contract management support for prototyping and procurement of MRC components for Batteries 2-4. The program leverages existing contract vehicles to procure items currently in production through a combination of Army contracts for standard Army trucks, trailers, and generators and Navy contracts for Tomahawk and SM-6 support.

ACC-RSA will award a FAR-based contract planned for 2Q FY2024 to enable continued technology insertion.

Exhibit R-3, RDT&E Project Cost Analysis: PB 2025 Army			Date: March 2024
Appropriation/Budget Activity 2040 / 5	R-1 Program Element (Number/Name) PE 0605235A / *Strategic Mid-Range Capability*	Project (Number/Name) CQ4 / *Mid-Range Capability*	

Management Services ($ in Millions)

Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	FY 2023 Cost	FY 2023 Award Date	FY 2024 Cost	FY 2024 Award Date	FY 2025 Base Cost	FY 2025 Base Award Date	FY 2025 OCO Cost	FY 2025 OCO Award Date	FY 2025 Total Cost	Cost To Complete	Total Cost	Target Value of Contract
Program Management / Systems Engineering	Various	Various : Huntsville, AL: National Capitol Region	-	4.833	Nov 2022	10.145	Oct 2023	8.988	Oct 2024	-		8.988	0.000	23.966	-
		Subtotal	-	4.833		10.145		8.988		-		8.988	0.000	23.966	N/A

Product Development ($ in Millions)

Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	FY 2023 Cost	FY 2023 Award Date	FY 2024 Cost	FY 2024 Award Date	FY 2025 Base Cost	FY 2025 Base Award Date	FY 2025 OCO Cost	FY 2025 OCO Award Date	FY 2025 Total Cost	Cost To Complete	Total Cost	Target Value of Contract
Original Equipment Manufacturer (OEM)	SS/CPFF	Lockheed Martin : Lockhead Martin	-	-		219.876	Jan 2024	89.595	Jan 2025	-		89.595	0.000	309.471	-
Government Furnished Equipment (GFE)	Various	Various : Various	-	-		26.971	Dec 2023	16.865	Jun 2025	-		16.865	0.000	43.836	-
Other Government Agencies (OGA)	Various	Various : Various	-	-		19.321	Jan 2024	12.809	Jan 2025	-		12.809	0.000	32.130	-
		Subtotal	-	-		266.168		119.269		-		119.269	0.000	385.437	N/A

Support ($ in Millions)

Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	FY 2023 Cost	FY 2023 Award Date	FY 2024 Cost	FY 2024 Award Date	FY 2025 Base Cost	FY 2025 Base Award Date	FY 2025 OCO Cost	FY 2025 OCO Award Date	FY 2025 Total Cost	Cost To Complete	Total Cost	Target Value of Contract
Cyber and Software	Various	Various : Various	-	-		32.534	Nov 2023	10.954	Nov 2024	-		10.954	0.000	43.488	-
Transportation and Support	Various	Various : Various	-	-		16.942	Oct 2023	17.103	Oct 2024	-		17.103	0.000	34.045	-
		Subtotal	-	-		49.476		28.057		-		28.057	0.000	77.533	N/A

Test and Evaluation ($ in Millions)

Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	FY 2023 Cost	FY 2023 Award Date	FY 2024 Cost	FY 2024 Award Date	FY 2025 Base Cost	FY 2025 Base Award Date	FY 2025 OCO Cost	FY 2025 OCO Award Date	FY 2025 Total Cost	Cost To Complete	Total Cost	Target Value of Contract
Test and Evaluation	Various	Various : Various	-	-		23.066	Jan 2024	26.509	Jan 2025	-		26.509	0.000	49.575	-

Exhibit R-3, RDT&E Project Cost Analysis: PB 2025 Army		Date: March 2024
Appropriation/Budget Activity 2040 / 5	**R-1 Program Element (Number/Name)** PE 0605235A / *Strategic Mid-Range Capability*	**Project (Number/Name)** CQ4 / *Mid-Range Capability*

Test and Evaluation ($ in Millions)

Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	FY 2023 Cost	FY 2023 Award Date	FY 2024 Cost	FY 2024 Award Date	FY 2025 Base Cost	FY 2025 Base Award Date	FY 2025 OCO Cost	FY 2025 OCO Award Date	FY 2025 Total Cost	Cost To Complete	Total Cost	Target Value of Contract
		Subtotal	-	-		23.066		26.509		-		26.509	0.000	49.575	N/A

	Prior Years	FY 2023		FY 2024		FY 2025 Base		FY 2025 OCO		FY 2025 Total	Cost To Complete	Total Cost	Target Value of Contract
Project Cost Totals	-	4.833		348.855		182.823		-		182.823	0.000	536.511	N/A

Remarks

GFE includes trucks, trailers, cranes, generators, radios, communication equipment, navy electronics, missile handling equipment, storage containers.

OEM Cost Includes the Lockheed Martin Other Transaction Authority (OTA) and Technology Insertion Contract.

Exhibit R-4, RDT&E Schedule Profile: PB 2025 Army		Date: March 2024
Appropriation/Budget Activity 2040 / 5	**R-1 Program Element (Number/Name)** PE 0605235A / *Strategic Mid-Range Capability*	**Project (Number/Name)** CQ4 / *Mid-Range Capability*

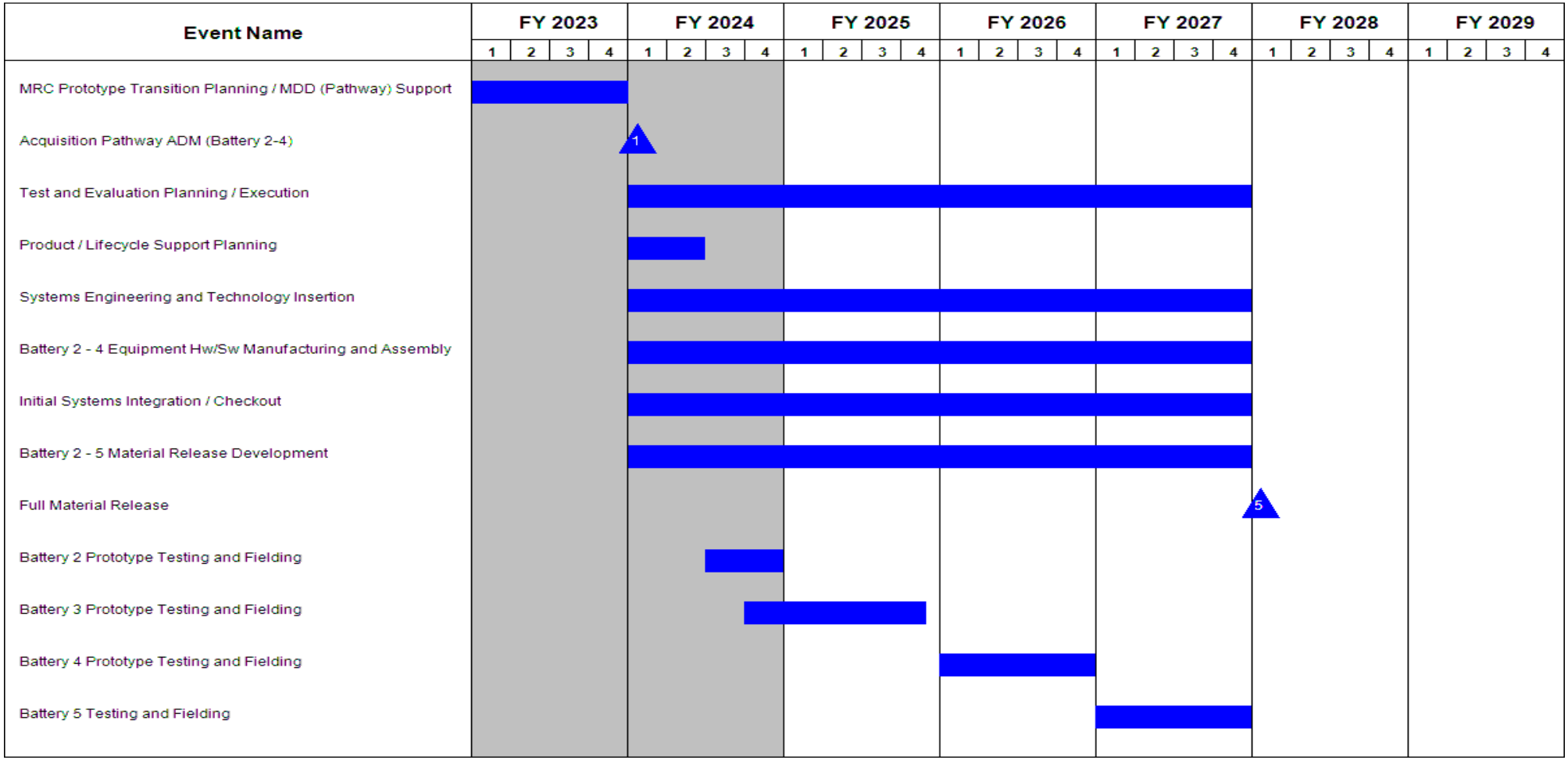

Exhibit R-4, RDT&E Schedule Profile: PB 2025 Army		Date: March 2024
Appropriation/Budget Activity 2040 / 5	**R-1 Program Element (Number/Name)** PE 0605235A / *Strategic Mid-Range Capability*	**Project (Number/Name)** CQ4 / *Mid-Range Capability*

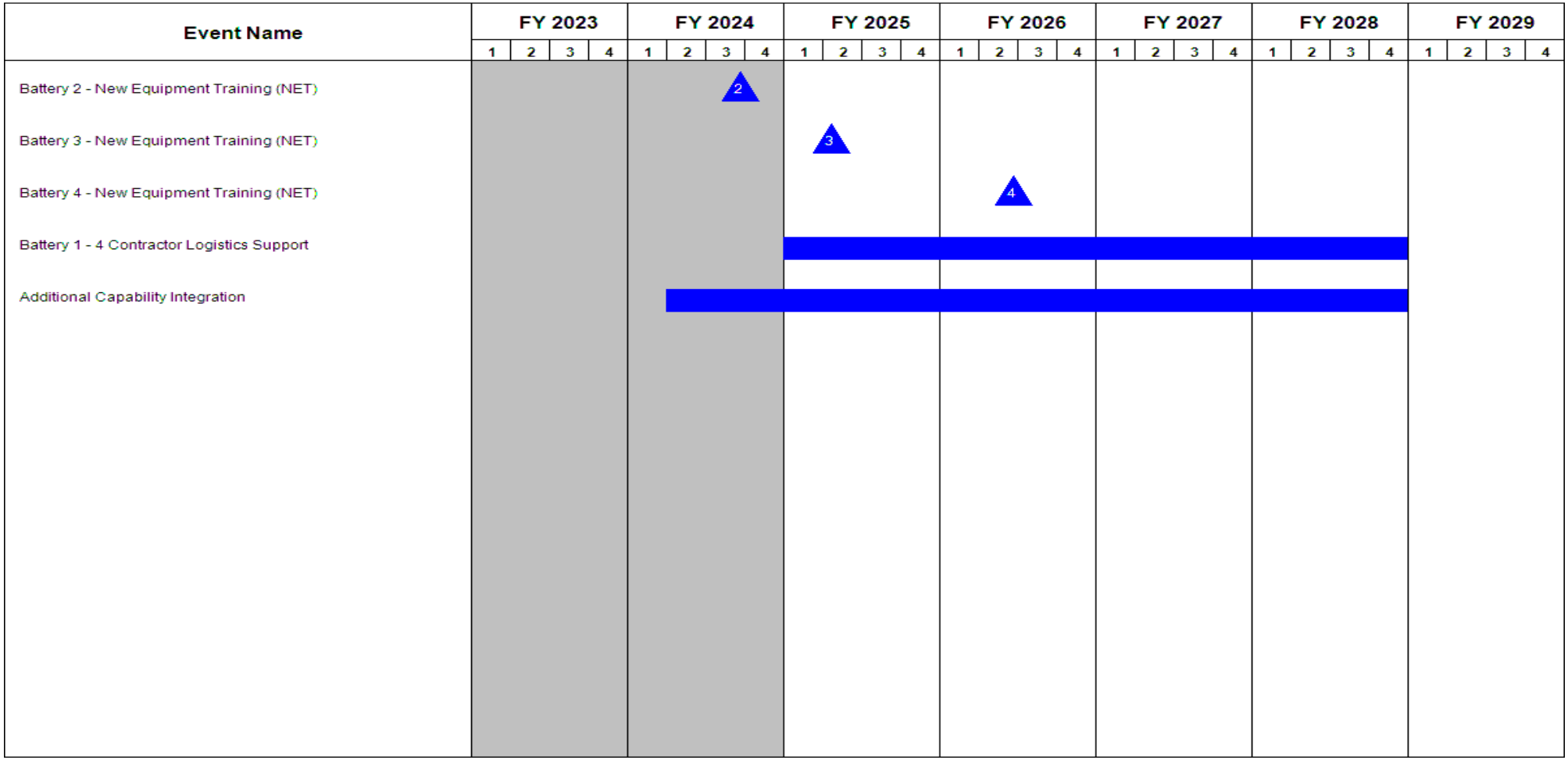

Exhibit R-4A, RDT&E Schedule Details: PB 2025 Army		Date: March 2024
Appropriation/Budget Activity 2040 / 5	**R-1 Program Element (Number/Name)** PE 0605235A / *Strategic Mid-Range Capability*	**Project (Number/Name)** CQ4 / *Mid-Range Capability*

Schedule Details

	Start		End	
Events	**Quarter**	**Year**	**Quarter**	**Year**
MRC Prototype Transition Planning / MDD (Pathway) Support	1	2023	4	2023
Acquisition Pathway ADM (Battery 2-4)	1	2024	1	2024
Test and Evaluation Planning / Execution	1	2024	4	2027
Product / Lifecycle Support Planning	1	2024	2	2024
Systems Engineering and Technology Insertion	1	2024	4	2027
Battery 2 - 4 Equipment Hw/Sw Manufacturing and Assembly	1	2024	4	2027
Initial Systems Integration / Checkout	1	2024	4	2027
Battery 2 - 5 Material Release Development	1	2024	4	2027
Full Material Release	1	2028	1	2028
Battery 2 Prototype Testing and Fielding	3	2024	4	2024
Battery 3 Prototype Testing and Fielding	4	2024	4	2025
Battery 4 Prototype Testing and Fielding	1	2026	4	2026
Battery 5 Testing and Fielding	1	2027	4	2027
Battery 2 - New Equipment Training (NET)	3	2024	3	2024
Battery 3 - New Equipment Training (NET)	2	2025	2	2025
Battery 4 - New Equipment Training (NET)	2	2026	2	2026
Battery 1 - 4 Contractor Logistics Support	1	2025	4	2028
Additional Capability Integration	2	2024	4	2028