



# Navy Area Missile Defense Program Canceled

**E**dward C. "Pete" Aldridge Jr., Under Secretary of Defense for Acquisition, Technology and Logistics, announced today the Navy Area Missile Defense Program has been cancelled due to poor performance and projected future costs and schedules.

The cancellation will result in a work stoppage at some contractor and governmental field activities.

The cancellation came, in part, as a result of a Nunn-McCurdy Selected Acquisition Report breach of the existing program. A Nunn-McCurdy unit cost breach occurs when a major defense acquisition program experiences a unit cost increase of at least 15 percent. If the unit cost increase is at least 25 percent, the Secretary of Defense must certify that:

- The acquisition program is essential to the national security.
- There are no alternatives to the acquisition program that will provide equal or greater military capability at less cost.
- The new estimates of the program acquisition unit cost or procurement unit cost are reasonable.
- The management structure for the acquisition program is adequate to manage and control program acquisition unit cost or procurement unit cost.

In the case of the Navy Area Missile Defense Program, the program acquisition unit cost and average procurement unit cost exceeded 57 percent and 65 percent, respectively. The Department has decided not to certify the program as currently configured.

"It's unfortunate we've reached this point," said Aldridge, "but certification was impossible. We are still in pursuit of a sea-based terminal phase capability as part of the overall missile defense strategy, but we must now move forward from here."

Over the next several months, the Ballistic Missile Defense Organization will address sea-based missile defense as part of its plans to develop an integrated ballistic missile defense system that provides a layered defense against ballistic missiles of all ranges.

The following major defense contractors are affected by the action: Raytheon, Tucson, Ariz.; Lockheed-Martin, Moorestown, N.J. and Middle River, Md.; United Defense, Baltimore, Md. and Minneapolis, Minn.; Orbital Sciences, Dulles, Va. and Chandler, Ariz.; and L-3 Communications, New York, N.Y. In addition, major governmental field activities affected are Naval Surface Warfare Center (NSWC), Dahlgren, Va.; NSWC, Port Hueneme, Calif.; The Applied Physics Laboratory, Johns Hopkins University, Laurel, Md.; and the Massachusetts Institute of Technology, Lincoln Laboratories, Lexington, Mass.

A fact sheet on the Navy Area Missile Defense Program can be found on the Web at <http://www.acq.osd.mil/bmdo/bmdolink/pdf/aq9902.pdf>.

**Editor's Note:** This information is in the public domain at <http://www.defenselink.mil/news>.