



## Selected Acquisition Report (SAR)

RCS: DD-A&T(Q&A)823-420



### **MQ-1C Gray Eagle Unmanned Aircraft System (MQ-1C Gray Eagle)**

As of FY 2016 President's Budget

Defense Acquisition Management  
Information Retrieval  
(DAMIR)

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## Common Acronyms and Abbreviations for MDAP Programs

Acq O&M - Acquisition-Related Operations and Maintenance  
ACAT - Acquisition Category  
ADM - Acquisition Decision Memorandum  
APB - Acquisition Program Baseline  
APPN - Appropriation  
APUC - Average Procurement Unit Cost  
\$B - Billions of Dollars  
BA - Budget Authority/Budget Activity  
Blk - Block  
BY - Base Year  
CAPE - Cost Assessment and Program Evaluation  
CARD - Cost Analysis Requirements Description  
CDD - Capability Development Document  
CLIN - Contract Line Item Number  
CPD - Capability Production Document  
CY - Calendar Year  
DAB - Defense Acquisition Board  
DAE - Defense Acquisition Executive  
DAMIR - Defense Acquisition Management Information Retrieval  
DoD - Department of Defense  
DSN - Defense Switched Network  
EMD - Engineering and Manufacturing Development  
EVM - Earned Value Management  
FOC - Full Operational Capability  
FMS - Foreign Military Sales  
FRP - Full Rate Production  
FY - Fiscal Year  
FYDP - Future Years Defense Program  
ICE - Independent Cost Estimate  
IOC - Initial Operational Capability  
Inc - Increment  
JROC - Joint Requirements Oversight Council  
\$K - Thousands of Dollars  
KPP - Key Performance Parameter  
LRIP - Low Rate Initial Production  
\$M - Millions of Dollars  
MDA - Milestone Decision Authority  
MDAP - Major Defense Acquisition Program  
MILCON - Military Construction  
N/A - Not Applicable  
O&M - Operations and Maintenance  
ORD - Operational Requirements Document  
OSD - Office of the Secretary of Defense  
O&S - Operating and Support  
PAUC - Program Acquisition Unit Cost

PB - President's Budget  
PE - Program Element  
PEO - Program Executive Officer  
PM - Program Manager  
POE - Program Office Estimate  
RDT&E - Research, Development, Test, and Evaluation  
SAR - Selected Acquisition Report  
SCP - Service Cost Position  
TBD - To Be Determined  
TY - Then Year  
UCR - Unit Cost Reporting  
U.S. - United States  
USD(AT&L) - Under Secretary of Defense (Acquisition, Technology and Logistics)

## Program Information

**Program Name**

MQ-1C Gray Eagle Unmanned Aircraft System (MQ-1C Gray Eagle)

**DoD Component**

Army

## Responsible Office

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**Date**

**Assigned:** July 11, 2014

## References

**SAR Baseline (Production Estimate)**

Defense Acquisition Executive (DAE) Approved Acquisition Program Baseline (APB) dated March 25, 2011

**Approved APB**

Defense Acquisition Executive (DAE) Approved Acquisition Program Baseline (APB) dated September 12, 2013

## Mission and Description

The MQ-1C Gray Eagle Unmanned Aircraft System (MQ-1C Gray Eagle) provides the Division Commander a dedicated, assured, multi-mission Unmanned Aircraft System for the tactical fight assigned to the Combat Aviation Brigade in each Division and supports the Division Fires, Battlefield Surveillance Brigades, and Brigade Combat Teams based upon the Division Commander's priorities. The MQ-1C Gray Eagle will also be assigned to Army Special Operations Forces and the Aerial Exploitation Battalions. MQ-1C Gray Eagle provides reconnaissance, surveillance, and target acquisition; command and control; communications relay; signals intelligence; electronic warfare; attack; detection of weapons of mass destruction; battle damage assessment; and manned-unmanned teaming capabilities.

The unit of measure for a MQ-1C Gray Eagle is balanced platoons, each with four aircraft and associated support equipment and payloads to include: Electro-Optical/Infrared, Laser Range Finder/Laser Designator, communications relay, and up to four Hellfire Missiles. The Common Sensor Payload and STARLite Synthetic Aperture Radar/Ground Moving Target Indicator are one per aircraft. Ground equipment per Platoon includes: two Universal Ground Control Stations (UGCS), three Universal Ground Data Terminals (UGDT), one Satellite Communication Ground Data Terminal (SGDT), one Mobile Ground Control Station (MGCS) per Company, an Automated Take Off and Landing System which includes two Tactical Automatic Landing Systems (ATLS) and Ground Support Equipment (GSE) to include Ground-Based Sense and Avoid (GBSAA).

A Gray Eagle Company will be configured into three equal platoons. A Gray Eagle Company will consist of nine MQ-1C aircraft for conventional companies (non-deployed) and 12 MQ-1C aircraft when deployed, Special Operations companies will consist of 12 aircraft. Each company will be integrated with the following payloads: Electro-Optical/Infrared, Laser Range Finder/Laser Designator, Synthetic Aperture Radar/Ground Moving Target Indicator, communications relay, and up to four HELLFIRE missiles. GSE for a 12 aircraft company includes six UGCS, seven UGDT, three SGDT, one MGCS, and the ATLS and Landing System consisting of six Tactical Automatic Landing System-Tracking Subsystems and GSE to include GBSAA.

## Executive Summary

The MQ-1C Gray Eagle program continues to meet all statutory and regulatory documentation requirements. The next major schedule event for MQ-1C Gray Eagle, Follow-on Operational Test and Evaluation (FOT&E), is scheduled for June 2015. The Link-16 portion of the Net Ready KPP has not been fully demonstrated as meeting the threshold requirement. The Army approved deferring demonstration of Link-16 capability to FOT&E. The Universal Ground Control Station (UGCS) capability with all planned Unmanned Aircraft systems is completing development and integration and will be demonstrated during FOT&E.

MQ-1C Gray Eagle production continues with a Firm Fixed Price FRP I contract. Contracts for FRP II and III are planned for award in FY 2015 and FRP IV is planned for contract award in FY 2016.

Overall, the MQ-1C Gray Eagle acquisition program costs are stable with no recent increases and there are no expected program requirements or issues that would negatively affect MQ-1C Gray Eagle cost. 112 MQ-1C Gray Eagle aircraft have been delivered as of December 31, 2014.

The MQ-1C Gray Eagle sustainment approach is currently a two level maintenance concept with Soldiers performing approximately 85% of the on system maintenance complemented by Contractor Field Service Representatives under a Performance Based Logistic contract. Depot reparable items are accomplished by organic depots through a Public Private Partnership arrangement.

A FY 2015 Congressional Plus-up directed \$49M for the modification of 19 improved MQ-1C Gray Eagle aircraft with extended range. With the increased funding to develop an Improved Gray Eagle capability the Program Office has determined that a FOT&E is required and has approached the Army and OSD Test community to commence planning. A Resource Management Decision combined with FY 2016 PB increased the Approved Acquisition Objective from 152 to 167 aircraft and increased the total platoons by three from 31 to 34. Although the fielding strategy has evolved, the Army continues to use the number of platoons as the metric to determine program APUC and PAUC.

There are no significant software-related issues with this program at this time.

## Threshold Breaches

### APB Breaches

<b>Schedule</b>		<input type="checkbox"/>
<b>Performance</b>		<input type="checkbox"/>
<b>Cost</b>	RDT&E	<input type="checkbox"/>
	Procurement	<input type="checkbox"/>
	MILCON	<input type="checkbox"/>
	Acq O&M	<input type="checkbox"/>
<b>O&amp;S Cost</b>		<input type="checkbox"/>
<b>Unit Cost</b>	PAUC	<input type="checkbox"/>
	APUC	<input type="checkbox"/>

### Nunn-McCurdy Breaches

#### Current UCR Baseline

PAUC	None
APUC	None

#### Original UCR Baseline

PAUC	None
APUC	None

### Schedule



Schedule Events				
Events	SAR Baseline Production Estimate	Current APB Production Objective/Threshold		Current Estimate
Milestone B	Apr 2005	Apr 2005	Apr 2005	Apr 2005
SDD (EMD) Contract Award	Apr 2005	Apr 2005	Apr 2005	Apr 2005
Critical Design Review	Feb 2006	Feb 2006	Feb 2006	Feb 2006
Milestone C	Mar 2011	Mar 2011	Mar 2011	Mar 2011
IOT&E				
IOT&E Start	Sep 2011	Jul 2012	Jul 2012	Jul 2012
IOT&E Complete	Oct 2011	Aug 2012	Aug 2012	Aug 2012
IOC	Jun 2012	Dec 2012	Dec 2012	Dec 2012
FOT&E II	May 2013	N/A	N/A	N/A
FRP Decision	Apr 2012	Jul 2013	Jul 2013	Jun 2013
FOT&E I	Aug 2012	May 2015	Nov 2015	Jun 2015

**Change Explanations**

None

**Acronyms and Abbreviations**

FOT&E - Follow-On Test and Evaluation

IOT&E - Initial Operational Test and Evaluation

SDD - System Development and Demonstration

## Performance

Performance Characteristics				
SAR Baseline Production Estimate	Current APB Production Objective/Threshold	Demonstrated Performance	Current Estimate	
<b>Net Ready</b>				
<p>The system must fully support execution of all operational activities identified in the applicable joint and system integrated architectures and the system must satisfy the technical requirements for Net-Centric military operations to include 1) DISR mandated GIG IT standards and profiles identified in the TV-1, 2) DISR mandated GIG KIPs identified in the KIP declaration table, 3) NCOW RM Enterprise Services 4) IA requirements including availability, integrity, authentication, confidentiality, and non-repudiation, and issuance of an ATO by the DAA, and 5) Operationally effective information exchanges; and mission critical performance and IA attributes, data correctness, data availability, and consistent data processing specified in the applicable joint and system integrated architecture views. The system must be able to enter and be managed in the network, and exchange data in a secure manner.</p>	<p>The system must fully support execution of all operational activities identified in the applicable joint and system integrated architectures and the system must satisfy the technical requirements for Net-Centric military operations to include 1) DISR mandated GIG IT standards and profiles identified in the TV-1, 2) DISR mandated GIG KIPs identified in the KIP declaration table, 3) NCOW RM Enterprise Services 4) IA requirements including availability, integrity, authentication, confidentiality, and non-repudiation, and issuance of an ATO by the DAA, 5) Operationally effective information exchanges; and mission critical performance and IA attributes, data correctness, data availability, and consistent data processing specified in the applicable joint and system integrated architecture views.</p>	<p>The system must fully support execution of joint critical operational activities identified in the applicable joint and system integrated architectures and the system must satisfy the technical requirements for transition to Net-Centric military operations to include 1) DISR mandated GIG IT standards and profiles identified in the TV-1, 2) DISR mandated GIG KIPs identified in the KIP declaration table, 3) NCOW RM Enterprise Services 4) IA requirements including availability, integrity, authentication, confidentiality, and non-repudiation, and issuance of an IATO by the DAA, 5) Operationally effective information exchanges; and mission critical performance and IA attributes, data correctness, data availability, and consistent data processing specified in the applicable joint and system integrated architecture views.</p>	<p>Met threshold at IOT&amp;E, LINK16 will be demonstrated at FOT&amp;E</p>	<p>The system must fully support execution of all operational activities identified in the applicable joint and system integrated architectures and the system must satisfy the technical requirements for Net-Centric military operations to include 1) DISR mandated GIG IT standards and profiles identified in the TV-1, 2) DISR mandated GIG KIPs identified in the KIP declaration table, 3) NCOW RM Enterprise Services 4) IA requirements including availability, integrity, authentication, confidentiality, and non-repudiation, and issuance of an ATO by the DAA, 5) Operationally effective information exchanges; and mission critical performance and IA attributes, data correctness, data availability, and consistent data processing specified in the applicable joint and system integrated architecture views.</p>

<b>Multi Payload/Weight Capability</b>				
The aircraft is capable of simultan-eously carrying two payloads with a combined minimum weight of 300 lbs.	UA will be capable of simultan-eously carrying three or more payloads with a combined minimum weight of 300 lbs.	UA will be capable of simultan-eously carrying two payloads with a combined minimum weight of 200 lbs.	Met threshold at IOT&E	UA will be capable of simultaneously carrying three or more payloads with a combined minimum weight of 300 lbs.
<b>Airframe Sensors Payload Capability</b>				
The aircraft will be capable of accepting payloads that are: EO/IR/LD capable of providing a 90% PD of a military target from the aircraft's operational altitude out to a minimum of 30km slant range. EO/IR/LD capable of providing a 90% PR of a military target, from the aircraft's operational altitude, out to a minimum of 10km slant range. SAR/GMTI Sensor capable of providing 85% PD of a military target, from the aircraft's operational altitude, out to a minimum 10km slant range in clear weather	MQ-1C UA will be capable of accepting payloads that are: EO/IR/LD capable of providing: 90% PD of a military target, from the UA's operational altitude out to a minimum of 30 km slant range; 90% PR of a military target, from the UA's operational altitude, out to a minimum of 10 km slant range; SAR/GMTI sensor capable of providing 85% PD of a military target, from the UA's operational altitude, out to a minimum of 10 km slant range in clear weather.	EO/IR/LD capable of providing: 90% PD of a military target, from the UA's operational altitude out to a minimum of 25 km slant range; 90% PR of a military target, from the UA's operational altitude out to a minimum of 9 km slant range.	Met objective, verified CSP during Production Prove-Out Test.	MQ-1C UA will be capable of accepting payloads that are: EO/IR/LD capable of providing: 90% PD of a military target, from the UA's operational altitude out to a minimum of 30 km slant range; 90% PR of a military target, from the UA's operational altitude, out to a minimum of 10 km slant range; SAR/GMTI sensor capable of providing 85% PD of a military target, from the UA's operational altitude, out to a minimum of 10 km slant range in clear weather.
<b>Sustainment</b>				
The aircraft system must maintain a combat Ao of 90%.	MQ-1C must maintain a combat Ao of 90%.	MQ-1C must maintain a combat Ao of 80%.	Met updated threshold KPP at IOT&E	MQ-1C must maintain a combat Ao of 90%.
<b>Aircraft Propulsion</b>				
The aircraft engine will be powered by DoD/NATO standard heavy fuel (JP8 Fuel).	UA engine will be powered by DoD/NATO standard heavy fuel (JP8 Fuel).	UA engine will be powered by DoD/NATO standard heavy fuel (JP8 Fuel).	Met objective	UA engine will be powered by DoD/NATO standard heavy fuel (JP8 Fuel).
<b>Weapons Capable</b>				
The aircraft shall be capable of engaging traditional and non-traditional ground moving, stationary, and water borne moving targets with the AGM-114P-4A and AGM-	MQ-1C must be capable of engaging traditional and non-traditional ground moving and stationary and water borne moving and stationary targets with the AGM-	MQ-1C must be capable of engaging traditional and non-traditional ground moving and stationary targets with the AGM-114P-4A and AGM-114N-4.	Met threshold; (35) Hellfire shots DT/OT; (100+) Hellfire shots in OIF/OEF	MQ-1C must be capable of engaging traditional and non-traditional ground moving and stationary and water borne moving and stationary targets with the AGM-114P-4A and

114N-4 and other AGM-114 variants or similar future AGMs and small light weight precision munitions.	114P-4A and AGM-114N-4 and other AGM-114 variants or similar future AGMs and small light weight precision munitions.			AGM-114N-4 and other AGM-114 variants or similar future AGMs and small light weight precision munitions.
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### Survivability and Force Protection

The GCS-V3 will be mounted onto an Army standard tactical vehicle with the ability to be up armored.	The GCS will be mounted onto an Army standard tactical vehicle with the ability to be up armored.	The GCS will be mounted onto an Army standard tactical vehicle with the ability to be up armored.	Met objective	The GCS will be mounted onto an Army standard tactical vehicle with the ability to be up armored.
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### Requirements Reference

Capability Production Document (CPD) dated March 24, 2009

### Change Explanations

None

**Acronyms and Abbreviations**

% - Percent

AGMs - Air-to-Ground Missiles

Ao - Operational Availability

ATO - Approval to Operate

CSP - Common Sensor Payload

DAA - Designated Approval Authority

DISR - Department of Defense Information Technology Standards Registry

DT - Developmental Test

EO/IR/LD - Electro-Optical/Infrared/Laser Designator

FOT&E - Follow-On Test and Evaluation

GCS-V3 - Ground Control Station Version Three

GIG - Global Information Grid

IA - Information Assurance

IATO - Interim Approval to Operate

IOT&E - Initial Operational Test and Evaluation

IT - Information Technology

KIP - Key Interface Profile

km - Kilometers

lbs - Pounds

NATO - North Atlantic Treaty Organization

NCOW RM - Net Centric Operations Warfare Reference Model

OEF - Operation Enduring Freedom

OIF - Operation Iraqi Freedom

OT - Operational Test

PD - Probability of Detection

PR - Probability of Recognition

SAR/GMTI - Synthetic Aperature Radar/Ground Moving Target Indicator

TV - Technical View

UA - Unmanned Aircraft

## Track to Budget

### RDT&E

Appn	BA	PE	
Army	2040	07	0305204A
	<b>Project</b>	<b>Name</b>	
	D09	Research, Development, Test and Evaluation, Army (Sunk)	
	<b>Notes:</b> FY 2005 - FY 2010		
Army	2040	07	0305219A
	<b>Project</b>	<b>Name</b>	
	MQ1	Research, Development, Test and Evaluation, Army	
	<b>Notes:</b> Beginning FY 2011		

### Procurement

Appn	BA	PE	
Army	2031	02	0305219A
	<b>Line Item</b>	<b>Name</b>	
	A00020	MQ-1 Payload (Shared) (Sunk)	
Army	2031	01	0305219A
	<b>Line Item</b>	<b>Name</b>	
	A0005	MQ-1 UAV	
	<b>Notes:</b> FY 2010 - FY 2036		
Army	2031	02	0313400A
	<b>Line Item</b>	<b>Name</b>	
	A01001	MQ-1 Payload (Shared)	
	<b>Notes:</b> Beginning in FY 2015		
Army	2035	02	0030500A
	<b>Line Item</b>	<b>Name</b>	
	00305000	Other Procurement, Army (Sunk)	
	<b>Notes:</b> FY 2007 - FY 2009		

### Notes

The MQ-1C Gray Eagle program baseline includes the Common Sensor Payload (CSP) procurement, which is part of the MQ-1 Payloads Aircraft Procurement, Army budget line. The funding line is shared with the CSP, Synthetic Aperture Radar, Ground Moving Target Indicator, and the Tactical Signals Intelligence Payload.

### MILCON

Appn	BA	PE	
Army	2050	02	0202096A
	<b>Project</b>	<b>Name</b>	

069830 Military Construction, Army

## Cost and Funding

### Cost Summary

Total Acquisition Cost							
Appropriation	BY 2010 \$M			BY 2010 \$M	TY \$M		
	SAR Baseline Production Estimate	Current APB Production Objective/Threshold		Current Estimate	SAR Baseline Production Estimate	Current APB Production Objective	Current Estimate
RDT&E	895.3	931.7	1024.9	928.1	896.3	945.3	938.3
Procurement	3364.7	2988.0	3286.8	3237.7	3572.0	3217.3	3467.9
Flyaway	--	--	--	2443.6	--	--	2615.3
Recurring	--	--	--	2183.0	--	--	2339.8
Non Recurring	--	--	--	260.6	--	--	275.5
Support	--	--	--	794.1	--	--	852.6
Other Support	--	--	--	505.3	--	--	546.7
Initial Spares	--	--	--	288.8	--	--	305.9
MILCON	992.0	578.5	636.4	600.4	1080.7	640.2	659.2
Acq O&M	0.0	0.0	--	0.0	0.0	0.0	0.0
Total	5252.0	4498.2	N/A	4766.2	5549.0	4802.8	5065.4

#### Confidence Level

Confidence Level of cost estimate for current APB: 50%

The Independent Cost Estimate (ICE) to support the MQ-1C Gray Eagle program Milestone C decision, like all life cycle cost estimates previously performed by the Cost Assessment and Program Evaluation (CAPE) office, is built upon a product-oriented work breakdown structure, based on historical actual cost information to the maximum extent possible, and, most importantly, based on conservative assumptions that are consistent with actual demonstrated contractor and government performance for a series of acquisition programs in which the Department has been successful.

The confidence level for the Full Rate Production-approved Acquisition Program Baseline (APB) is 50% and is based on the May 9, 2013, approved Army Cost Position and are in accordance with Army cost guidance, Army Regulations (AR) 11-18. It is difficult to calculate mathematically the precise confidence levels associated with life cycle cost estimates prepared for Major Defense Acquisition Programs (MDAPs). Based on the rigor in methods used in building estimates, the strong adherence to the collection and use of historical cost information, and the review of applied assumptions, we project that it is about equally likely that the estimate will prove too low or too high for execution of the program described.

Total Quantity			
Quantity	SAR Baseline Production Estimate	Current APB Production	Current Estimate
RDT&E	2	2	2
Procurement	29	29	32
Total	31	31	34

#### Quantity Notes

A Resource Management Decision combined with PB 2016 increased the Approved Acquisition Objective from 152 to 167 aircraft and increased the total Platoons by three from 31 to 34. Although the fielding strategy has evolved, the Army continues to use the number of platoons as the metric to determine program APUC and PAUC.

## Cost and Funding

### Funding Summary

Appropriation Summary									
FY 2016 President's Budget / December 2014 SAR (TY\$ M)									
Appropriation	Prior	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	To Complete	Total
RDT&E	891.8	46.5	0.0	0.0	0.0	0.0	0.0	0.0	938.3
Procurement	2858.4	246.6	286.9	60.7	15.3	0.0	0.0	0.0	3467.9
MILCON	473.2	124.0	0.0	62.0	0.0	0.0	0.0	0.0	659.2
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2016 Total	4223.4	417.1	286.9	122.7	15.3	0.0	0.0	0.0	5065.4
PB 2015 Total	4159.3	369.5	71.3	91.2	6.5	0.1	0.0	0.0	4697.9
Delta	64.1	47.6	215.6	31.5	8.8	-0.1	0.0	0.0	367.5

Quantity Summary										
FY 2016 President's Budget / December 2014 SAR (TY\$ M)										
Quantity	Undistributed	Prior	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	To Complete	Total
Development	2	0	0	0	0	0	0	0	0	2
Production	0	27	2	3	0	0	0	0	0	32
PB 2016 Total	2	27	2	3	0	0	0	0	0	34
PB 2015 Total	2	27	2	0	0	0	0	0	0	31
Delta	0	0	0	3	0	0	0	0	0	3

## Cost and Funding

### Annual Funding By Appropriation

Annual Funding							
2040   RDT&E   Research, Development, Test, and Evaluation, Army							
Fiscal Year	Quantity	TY \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
2005	--	--	--	--	--	--	54.3
2006	--	--	--	--	--	--	90.6
2007	--	--	--	--	--	--	123.7
2008	--	--	--	--	--	--	103.4
2009	--	--	--	--	--	--	61.8
2010	--	--	--	--	--	--	135.1
2011	--	--	--	--	--	--	119.2
2012	--	--	--	--	--	--	121.9
2013	--	--	--	--	--	--	68.7
2014	--	--	--	--	--	--	13.1
2015	--	--	--	--	--	--	46.5
Subtotal	2	--	--	--	--	--	938.3

Annual Funding 2040   RDT&E   Research, Development, Test, and Evaluation, Army							
Fiscal Year	Quantity	BY 2010 \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
2005	--	--	--	--	--	--	58.8
2006	--	--	--	--	--	--	95.5
2007	--	--	--	--	--	--	127.3
2008	--	--	--	--	--	--	104.4
2009	--	--	--	--	--	--	61.6
2010	--	--	--	--	--	--	132.7
2011	--	--	--	--	--	--	114.8
2012	--	--	--	--	--	--	115.6
2013	--	--	--	--	--	--	64.0
2014	--	--	--	--	--	--	11.9
2015	--	--	--	--	--	--	41.5
Subtotal	2	--	--	--	--	--	928.1

Annual Funding 2031   Procurement   Aircraft Procurement, Army								
Fiscal Year	Quantity	TY \$M						
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program	
2010	6	249.9	67.7	73.0	390.6	100.1	490.7	
2011	6	242.7	57.7	92.9	393.3	110.3	503.6	
2012	6	301.3	85.6	25.5	412.4	196.0	608.4	
2013	4	192.8	116.5	54.1	363.4	87.1	450.5	
2014	4	277.8	144.6	19.7	442.1	87.8	529.9	
2015	2	185.8	8.8	2.4	197.0	49.6	246.6	
2016	3	175.0	26.5	6.9	208.4	78.5	286.9	
2017	--	--	4.8	0.5	5.3	55.4	60.7	
2018	--	--	4.4	0.5	4.9	10.4	15.3	
Subtotal	31	1625.3	516.6	275.5	2417.4	775.2	3192.6	

Annual Funding 2031   Procurement   Aircraft Procurement, Army								
Fiscal Year	Quantity	BY 2010 \$M						
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program	
2010	6	243.4	65.9	71.1	380.4	97.5	477.9	
2011	6	232.1	55.2	88.8	376.1	105.5	481.6	
2012	6	283.2	80.5	24.0	387.7	184.1	571.8	
2013	4	177.7	107.4	49.9	335.0	80.2	415.2	
2014	4	251.6	131.0	17.8	400.4	79.5	479.9	
2015	2	165.4	7.8	2.1	175.3	44.2	219.5	
2016	3	153.7	23.3	6.1	183.1	68.9	252.0	
2017	--	--	4.1	0.4	4.5	47.8	52.3	
2018	--	--	3.7	0.4	4.1	8.8	12.9	
Subtotal	31	1507.1	478.9	260.6	2246.6	716.5	2963.1	

Common Sensor Payload (CSP) and STARLite, TY\$M: FY 2010 (\$48.5M); FY 2011 (\$48.2M); FY 2012 (\$61.5M); FY 2013 (\$73.6M), FY 2014 (\$29.2M); FY 2015 (\$8.4M); FY 2016 (\$26.5M); FY 2017 (\$4.8M); FY 2018 (\$4.4M).

Annual Funding 2035   Procurement   Other Procurement, Army									
Fiscal Year	Quantity	TY \$M						Total Support	Total Program
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program		
2007	--	--	--	--	--	--	9.7	9.7	
2008	--	--	31.4	--	31.4	24.3	55.7	55.7	
2009	1	151.2	15.3	--	166.5	43.4	209.9	209.9	
Subtotal	1	151.2	46.7	--	197.9	77.4	275.3	275.3	

Annual Funding 2035   Procurement   Other Procurement, Army								
Fiscal Year	Quantity	BY 2010 \$M						
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program	
2007	--	--	--	--	--	9.9	9.9	
2008	--	--	31.6	--	31.6	24.5	56.1	
2009	1	150.2	15.2	--	165.4	43.2	208.6	
Subtotal	1	150.2	46.8	--	197.0	77.6	274.6	

Annual Funding 2050   MILCON   Military Construction, Army	
Fiscal Year	TY \$M
	Total Program
2011	102.0
2012	228.0
2013	107.2
2014	36.0
2015	124.0
2016	--
2017	62.0
Subtotal	659.2

Annual Funding 2050   MILCON   Military Construction, Army	
Fiscal Year	BY 2010 \$M
	Total Program
2011	96.6
2012	212.7
2013	98.4
2014	32.1
2015	108.4
2016	--
2017	52.2
Subtotal	600.4

## Low Rate Initial Production

Item	Initial LRIP Decision	Current Total LRIP
<b>Approval Date</b>	3/29/2010	7/3/2012
<b>Approved Quantity</b>	2	6
<b>Reference</b>	Milestone C ADM	LRIP III ADM
<b>Start Year</b>	2010	2012
<b>End Year</b>	2011	2016

The Current Total LRIP Quantity is more than 10% of the total production quantity due to MDA directed quantities to facilitate the MQ-1C Gray Eagle capability entrance into theater as quickly as possible.

### Initial LRIP Decision

The original LRIP quantity was two MQ-1C Gray Eagle systems which equates to six platoon sets (24 aircraft).

### Current Total LRIP

The Current Total LRIP quantity is six MQ-1C Gray Eagle systems which equates to 18 platoon sets and includes LRIP I (24 aircraft and two attrition aircraft), LRIP II (24 aircraft and five attrition aircraft) and LRIP III (29 aircraft).

## Foreign Military Sales

### Notes

MQ-1C Gray Eagle has one inquiry for Pricing and Availability from the Government of Poland. There are no other inquiries or international activity at this time.

## Nuclear Costs

None

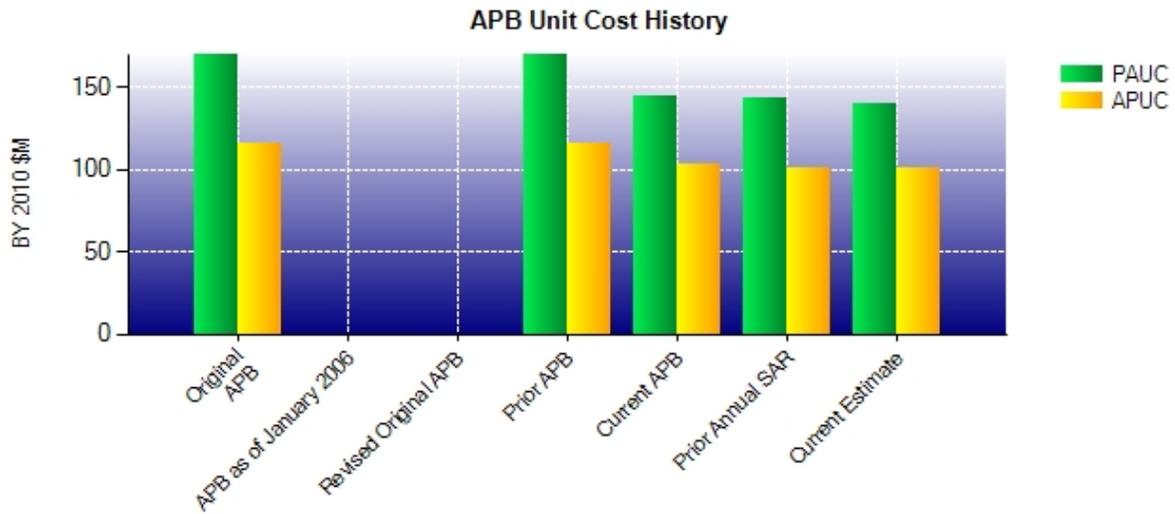
## Unit Cost

### Unit Cost Report

Item	BY 2010 \$M	BY 2010 \$M	% Change
	Current UCR Baseline (Sep 2013 APB)	Current Estimate (Dec 2014 SAR)	
<b>Program Acquisition Unit Cost</b>			
Cost	4498.2	4766.2	
Quantity	31	34	
Item	145.103	140.182	-3.39
<b>Average Procurement Unit Cost</b>			
Cost	2988.0	3237.7	
Quantity	29	32	
Unit Cost	103.034	101.178	-1.80

Item	BY 2010 \$M	BY 2010 \$M	% Change
	Original UCR Baseline (Mar 2011 APB)	Current Estimate (Dec 2014 SAR)	
<b>Program Acquisition Unit Cost</b>			
Cost	5252.0	4766.2	
Quantity	31	34	
Unit Cost	169.419	140.182	-17.26
<b>Average Procurement Unit Cost</b>			
Cost	3364.7	3237.7	
Quantity	29	32	
Unit Cost	116.024	101.178	-12.80

**Unit Cost History**



Item	Date	BY 2010 \$M		TY \$M	
		PAUC	APUC	PAUC	APUC
Original APB	Mar 2011	169.419	116.024	179.000	123.172
APB as of January 2006	N/A	N/A	N/A	N/A	N/A
Revised Original APB	N/A	N/A	N/A	N/A	N/A
Prior APB	Feb 2012	169.419	116.024	179.000	123.172
Current APB	Sep 2013	145.103	103.034	154.929	110.941
Prior Annual SAR	Dec 2013	143.000	100.331	151.545	107.021
Current Estimate	Dec 2014	140.182	101.178	148.982	108.372

**SAR Unit Cost History**

Initial SAR Baseline to Current SAR Baseline (TY \$M)									
Initial PAUC Development Estimate	Changes								PAUC Production Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
401.600	0.094	-242.537	-7.813	13.968	13.152	0.000	0.536	-222.600	179.000

Current SAR Baseline to Current Estimate (TY \$M)									
PAUC Production Estimate	Changes								PAUC Current Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
179.000	1.321	-11.080	0.129	2.165	-19.347	0.000	-3.206	-30.018	148.982

Initial SAR Baseline to Current SAR Baseline (TY \$M)									
Initial APUC Development Estimate	Changes								APUC Production Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
285.100	0.141	-177.121	0.000	14.931	-0.452	0.000	0.573	-161.928	123.172

Current SAR Baseline to Current Estimate (TY \$M)									
APUC Production Estimate	Changes								APUC Current Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
123.172	0.994	-6.539	0.138	1.088	-7.075	0.000	-3.406	-14.800	108.372

SAR Baseline History				
Item	SAR Planning Estimate	SAR Development Estimate	SAR Production Estimate	Current Estimate
Milestone A	N/A	N/A	N/A	N/A
Milestone B	N/A	Apr 2005	Apr 2005	Apr 2005
Milestone C	N/A	Feb 2010	Mar 2011	Mar 2011
IOC	N/A	Feb 2012	Jun 2012	Dec 2012
Total Cost (TY \$M)	N/A	5322.6	5549.0	5065.4
Total Quantity	N/A	13	31	34
PAUC	N/A	409.431	179.000	148.982

**Cost Variance**

Summary TY \$M				
Item	RDT&E	Procurement	MILCON	Total
SAR Baseline (Production Estimate)	896.3	3572.0	1080.7	5549.0
Previous Changes				
Economic	+5.2	+38.9	+10.7	+54.8
Quantity	--	--	--	--
Schedule	--	+4.3	--	+4.3
Engineering	+38.8	-13.7	--	+25.1
Estimating	-4.2	-339.8	-433.2	-777.2
Other	--	--	--	--
Support	--	-158.1	--	-158.1
Subtotal	+39.8	-468.4	-422.5	-851.1
Current Changes				
Economic	-0.4	-7.1	-2.4	-9.9
Quantity	--	+160.3	--	+160.3
Schedule	--	+0.1	--	+0.1
Engineering	--	+48.5	--	+48.5
Estimating	+2.6	+113.4	+3.4	+119.4
Other	--	--	--	--
Support	--	+49.1	--	+49.1
Subtotal	+2.2	+364.3	+1.0	+367.5
Total Changes	+42.0	-104.1	-421.5	-483.6
CE - Cost Variance	938.3	3467.9	659.2	5065.4
CE - Cost & Funding	938.3	3467.9	659.2	5065.4

Summary BY 2010 \$M				
Item	RDT&E	Procurement	MILCON	Total
SAR Baseline (Production Estimate)	895.3	3364.7	992.0	5252.0
Previous Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	--	--	--
Engineering	+32.1	-17.5	--	+14.6
Estimating	-1.7	-280.1	-394.3	-676.1
Other	--	--	--	--
Support	--	-157.5	--	-157.5
Subtotal	+30.4	-455.1	-394.3	-819.0
Current Changes				
Economic	--	--	--	--
Quantity	--	+140.8	--	+140.8
Schedule	--	+0.1	--	+0.1
Engineering	--	+43.3	--	+43.3
Estimating	+2.4	+101.5	+2.7	+106.6
Other	--	--	--	--
Support	--	+42.4	--	+42.4
Subtotal	+2.4	+328.1	+2.7	+333.2
Total Changes	+32.8	-127.0	-391.6	-485.8
CE - Cost Variance	928.1	3237.7	600.4	4766.2
CE - Cost & Funding	928.1	3237.7	600.4	4766.2

Previous Estimate: December 2013

RDT&E	\$M	
Current Change Explanations	Base Year	Then Year
Revised escalation indices. (Economic)	N/A	-0.4
Army reprogramming for Follow-On Test and Evaluation in June 2015. (Estimating)	+2.0	+2.2
Adjustment for current and prior escalation. (Estimating)	+0.4	+0.4
<b>RDT&amp;E Subtotal</b>	<b>+2.4</b>	<b>+2.2</b>

Procurement	\$M	
Current Change Explanations	Base Year	Then Year
Revised escalation indices. (Economic)	N/A	-7.1
Total quantity related change resulting from increases in MQ-1C Gray Eagle system hardware and platoons. (Subtotal)	+130.8	+148.9
Quantity variance due to an increase in MQ-1C Gray Eagle system hardware and platoons. (Quantity)	(+140.8)	(+160.3)
Allocation to Schedule resulting from Quantity change. (Schedule) (QR)	(+0.1)	(+0.1)
Allocation to Engineering resulting from Quantity change. (Engineering) (QR)	(-0.4)	(-0.5)
Allocation to Estimating resulting from Quantity change. (Estimating) (QR)	(-9.7)	(-11.0)
Modification of 19 Gray Eagle Aircraft with extended range per FY 2015 Congressional Plus-up. (Engineering)	+43.7	+49.0
Adjustment for current and prior escalation. (Estimating)	+4.2	+4.6
Revised estimate to reflect actual cost data in FY 2014. (Estimating)	+53.9	+59.5
Revised Common Systems Payloads actuals and estimate increase for alignment to FY 2016 PB. (Estimating)	+19.6	+22.3
Revised estimate for Prime contract costs associated with Satellite Communications Airborne Data Terminals, Universal Ground Control Stations, and Aircraft. (Estimating)	+33.5	+38.0
Adjustment for current and prior escalation. (Support)	+0.9	+1.0
Increase in Support due to aircraft modification and FY 2016 PB Plus-up impacts. (Support)	+20.5	+24.2
Increase in Initial Spares due to aircraft modification and FY 2016 PB Plus-up impacts. (Support)	+21.0	+23.9
<b>Procurement Subtotal</b>	<b>+328.1</b>	<b>+364.3</b>

(QR) Quantity Related

MILCON	\$M	
Current Change Explanations	Base Year	Then Year
Revised escalation indices. (Economic)	N/A	-2.4
Revised estimate for Foreign currency adjustment (Estimating)	+0.8	+1.0
Revised estimate for changes in Army baseline strategy for stationing and fielding MQ-1C Gray Eagle. (Estimating)	+0.2	+0.6
Adjustment for current and prior escalation. (Estimating)	+1.7	+1.8
<b>MILCON Subtotal</b>	<b>+2.7</b>	<b>+1.0</b>

## Contracts

### General Notes

Contract W58RGZ-12-C-0075, Performance Based Logistics (PBL), is not included in the December 2014 SAR. The MQ-1C Gray Eagle Program does not currently have an Acquisition related Operation and Maintenance contract. Contract W58RGZ-12-C -0075 is for PBL support to the fielded systems and funded with Operations and Maintenance, Army Other Contingency Operations accounts.

### Contract Identification

**Appropriation:** Procurement  
**Contract Name:** LRIP 3  
**Contractor:** General Atomics - Aeronautical Systems, Inc.  
**Contractor Location:** 14200 Kirkham Way  
 Poway, CA 92064  
**Contract Number:** W58RGZ-12-C-0057  
**Contract Type:** Fixed Price Incentive(Firm Target) (FPIF)  
**Award Date:** July 06, 2012  
**Definitization Date:** July 06, 2012

Contract Price							
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
411.0	424.6	29	451.7	466.7	29	553.8	538.0

### Target Price Change Explanation

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to contract modifications P00001 through P00028 adding a platoon set of ground equipment, updated spares list, changing from Portable Ground Control Station to Mobile Ground Control Station, and the definitization of an Engineering Change for Universal Ground Control Stations and Spares.

Contract Variance		
Item	Cost Variance	Schedule Variance
Cumulative Variances To Date (12/31/2014)	+2.8	-11.2
Previous Cumulative Variances	-1.8	-46.8
Net Change	+4.6	+35.6

### Cost and Schedule Variance Explanations

The favorable net change in the cost variance is due to August 2014 replan of Integrated Master Schedule (IMS) and Performance Measurement Baseline (PMB) to incorporate ECP441 – Incorporating Changes To The Universal Ground Control Stations (UGCS). UGCS hardware deliveries in 4th Quarter FY 2014 further reduced the cumulative cost variance.

The favorable net change in the schedule variance is due to August 2014 replan of IMS and PMB to incorporate ECP441. Deliveries of UGCS hardware in 4th Quarter FY 2014 reduced the cumulative schedule variance.

**Notes**

Contract data as of December 31 2014: The CPI is 1.01, the SPI is 0.97, and the contract is 73.88 percent complete.

**Contract Identification**

**Appropriation:** Procurement  
**Contract Name:** Full Rate Production (FRP)  
**Contractor:** General Atomics - Aeronautical Systems, Inc.  
**Contractor Location:** 14200 Kirkham Way  
 Poway, CA 92064  
**Contract Number:** W58RGZ-13-C-0109  
**Contract Type:** Firm Fixed Price (FFP)  
**Award Date:** September 13, 2013  
**Definitization Date:** September 13, 2013

Contract Price							
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
199.7	N/A	15	246.4	N/A	19	246.4	246.4

**Target Price Change Explanation**

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to exercising a contract option established under the initial contract award, container modifications, and definitization of an Engineering Change for Universal Ground Stations (UGCS).

**Cost and Schedule Variance Explanations**

Cost and Schedule Variance reporting is not required on this (FFP) contract.

**Contract Identification**

**Appropriation:** RDT&E  
**Contract Name:** UASGCS-V3 and UGDTS  
**Contractor:** General Atomics - Aeronautical Systems, Inc.  
**Contractor Location:** 14200 Kirkham Way  
 Poway, CA 92064  
**Contract Number:** W58RGZ-09-C-0151/1  
**Contract Type:** Cost Plus Incentive Fee (CPIF)  
**Award Date:** August 30, 2011  
**Definitization Date:** December 21, 2012

Contract Price							
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
69.0	N/A	5	74.6	N/A	5	74.6	75.2

**Target Price Change Explanation**

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to contract definitization at \$40.60M with options exercised during CY 2010- 2012 and Contract Modifications through P00068.

Contract Variance		
Item	Cost Variance	Schedule Variance
Cumulative Variances To Date (12/31/2014)	-1.5	0.0
Previous Cumulative Variances	--	--
Net Change	-1.5	+0.0

**Cost and Schedule Variance Explanations**

The unfavorable cumulative cost variance is due to additional subcontractor costs on Integration, Assembly, Test and Checkout. Costs incurred include additional resources to conduct two sorties per day for needed requirement verification.

**Notes**

This is the first time this contract is being reported.

This contract was not one of the top six largest MQ-1C Gary Eagle contracts greater than \$40M in the December 2013 SAR and thus was not reported. As of December 31, 2014, Contract W58RGZ-09-C-0151/001, UASGCS-V3 and UGDTS, is 93.75 percent complete with a CPI of 0.98 and SPI of 1.00 (rounded).

This contract is more than 90% complete; therefore, this is the final report for this contract.

**Contract Identification**

**Appropriation:** RDT&E  
**Contract Name:** 4.3.2 Software  
**Contractor:** General Atomics - Aeronautical Systems, Inc  
**Contractor Location:** 14200 Kirkham Way  
 Poway, CA 92064-7103  
**Contract Number:** W58RGZ-13-C-0136  
**Contract Type:** Cost Plus Incentive Fee (CPIF)  
**Award Date:** September 25, 2013  
**Definitization Date:** September 25, 2013

Contract Price							
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
70.2	N/A	N/A	70.2	N/A	N/A	69.1	70.2

Contract Variance		
Item	Cost Variance	Schedule Variance
Cumulative Variances To Date (12/31/2014)	-0.3	-1.4
Previous Cumulative Variances	--	--
Net Change	-0.3	-1.4

**Cost and Schedule Variance Explanations**

The unfavorable cumulative cost variance is due to 4.3.3. Rev A Software Development incurring less effort than originally planned.

The unfavorable cumulative schedule variance is due to 4.3.2 software completion delaying the start of 4.3.3 software, and Formal Qualification Test (FQT) and document development. The software build trend is improving and there is no significant impact and full recovery is expected by April 2015.

**Notes**

This is the first time this contract is being reported.

Contract W58RGZ-13-C-0136 is 70.30% complete as of December 31, 2014. The cumulative CPI is 0.99 and the SPI is 0.97. The schedule variance is primarily due to 4.3.2 software completion delaying the start of 4.3.3 software, and FQT and document development.

**Contract Identification**

**Appropriation:** Procurement  
**Contract Name:** Engineering Services II  
**Contractor:** General Atomics - Aeronautical Systems, Inc.  
**Contractor Location:** 14200 Kirkham Way  
 Poway, CA 92064-7103  
**Contract Number:** W58RGZ-13-C-0110  
**Contract Type:** Cost Plus Fixed Fee (CPFF)  
**Award Date:** September 30, 2013  
**Definitization Date:** September 30, 2013

Contract Price							
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
38.5	N/A	N/A	44.2	N/A	N/A	42.1	32.0

**Target Price Change Explanation**

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to exercising contract options established under initial contract award for Solid Core, Airworthiness and Universal Ground Control Stations and contract modifications through P0024.

Contract Variance			
Item	Cost Variance		Schedule Variance
Cumulative Variances To Date (12/31/2014)	+10.6		-3.2
Previous Cumulative Variances	--		--
Net Change	+10.6		-3.2

**Cost and Schedule Variance Explanations**

The favorable cumulative cost variance is due to Level II Airworthiness Sub-Engineering Services Memorandum (SESM) lack of available resources against Level of Effort tasks. In addition, the Program Management SESM has incurred fewer SESM's and Engineering Changes than originally planned.

The unfavorable cumulative schedule variance is due to late award of Field Service Representative laptop kit efforts to subcontractor and Java and Tactical Common Data Link issues regarding Solid Core implementation.

**Notes**

This is the first time this contract is being reported.

For the period ending December 31, 2014, the cumulative CPI is 1.50 and the SPI is 0.91.

## Deliveries and Expenditures

Deliveries				
Delivered to Date	Planned to Date	Actual to Date	Total Quantity	Percent Delivered
Development	2	2	2	100.00%
Production	21	21	32	65.63%
Total Program Quantity Delivered	23	23	34	67.65%

Expended and Appropriated (TY \$M)			
Total Acquisition Cost	5065.4	Years Appropriated	11
Expended to Date	2552.5	Percent Years Appropriated	78.57%
Percent Expended	50.39%	Appropriated to Date	4640.5
Total Funding Years	14	Percent Appropriated	91.61%

The above data is current as of December 31, 2014.

112 MQ-1C Gray Eagle aircraft of 167 planned (152 planned in Current APB) have been through the Material Inspection and Receiving Reporting process as of December 31, 2014. Inspected and Received MQ-1C Gray Eagle aircraft is the metric used for deliveries and is converted to systems.

## Operating and Support Cost

### Cost Estimate Details

<b>Date of Estimate:</b>	June 14, 2013
<b>Source of Estimate:</b>	Service ICE
<b>Quantity to Sustain:</b>	31
<b>Unit of Measure:</b>	System
<b>Service Life per Unit:</b>	20.00 Years
<b>Fiscal Years in Service:</b>	FY 2011 - FY 2037

The O&S Current Estimate is based on the June 14, 2013 DAB approved FRP Army Cost Position (ACP). The MQ-1C Gray Eagle O&S cost estimate includes 152 MQ-1C Gray Eagle Program of Record aircraft, 31 Platoons with associated ground equipment, and results in 327 Operational System years over a 20 year service life. O&M cost was based on actual Unmanned Aircraft System (UAS) consumption data, analogy to Predator, and O&S Management Information System (OSMIS) Blackhawk data. The cost is applied as steady state across the MQ-1C Gray Eagle program in accordance with the program schedule.

O&S changes listed in earlier sections of the SAR, namely the Executive Summary and Cost and Funding sections, that relate to the FY 2015 Congressional Plus-up, FY 2016 PB with increased procurement from 152 to 167 Aircraft, and an increase of three platoons from 31 to 34 are not included in this O&S section.

A basic MQ-1C Gray Eagle system includes balanced platoons, each with four aircraft and associated support equipment and payloads to include: Electro-Optical/Infrared/Laser Designator, communications relay, and up to four Hellfire Missiles. The Common Sensor Payload and STARlite Synthetic Aperture Radar Ground Moving Target Indicator are one per aircraft. Ground equipment at a platoon level includes: two Universal Ground Control Stations, three Universal Ground Data Terminals, one Satellite Communication Ground Data Terminal, one Mobile Ground Control Station per Gray Eagle Company, an Automated Take Off and Landing System which includes two Tactical Automatic Landing Systems and ground support equipment to include Ground-Based Sense and Avoid. A MQ-1C Gray Eagle Company is configured into three equal platoons and includes nine MQ-1C Gray Eagle aircraft for conventional companies (non-deployed) and when deployed the Army will adjust a company to full MQ-1C Gray Eagle System strength (12 aircraft and associated ground support equipment).

### Sustainment Strategy

A Performance Based Logistics (PBL) contract was awarded May 8, 2012 and included one base year plus two, one-year options. Soldiers will operate systems and perform 85-percent of the basic field maintenance. The Field Service Representative will support remaining 15-percent of basic field maintenance through PBL efforts. Some of the Depot Level Repairables will be accomplished by organic depots through a Public Private Partnership (PPP) arrangement. The PPP with organic depot efforts will be determined through Cost Benefit Analysis and application of Title 10 USC 2426 and 50/50 rule.

### Antecedent Information

No Antecedent

Annual O&S Costs BY2010 \$M			
Cost Element	MQ-1C Gray Eagle Average Annual Cost Per System	No Antecedent (Antecedent) N/A	
Unit-Level Manpower	10.300	0.000	
Unit Operations	1.300	0.000	
Maintenance	3.460	0.000	
Sustaining Support	3.750	0.000	
Continuing System Improvements	0.360	0.000	
Indirect Support	0.870	0.000	
Other	2.460	0.000	
<b>Total</b>	<b>22.500</b>	<b>--</b>	

The \$2.460M Other cost is O&M related, Military Pay and Allowances (Medical & Morale, Welfare, Recreation) and includes Other costs from Army Special Operations Forces (ARSOF) and Aerial Exploitation Battalions (AEB).

Item	Total O&S Cost \$M			
	MQ-1C Gray Eagle		No Antecedent (Antecedent)	
	Current Production APB Objective/Threshold	Current Estimate		
<b>Base Year</b>	7357.3	8093.0	7357.3	N/A
<b>Then Year</b>	9950.8	N/A	9950.8	N/A

The Current Estimate for total O&S is \$7,357.3 (BY2010\$M) per the June 2013 FRP DAB and is the same as the current APB.

On February 5, 2013, the Chief of Staff of the Army approved an Executive Order (EXORD) changing the MQ-1C Gray Eagle fielding configuration to provide greater capability across the Army. The EXORD directed fielding MQ-1C Gray Eagle companies to ten Army Divisions, one to the National Training Center (NTC), two to ARSOF units, and two to the AEB for a total of 15 companies. The two ARSOF companies will be configured with 12 aircraft each (24 total) and the 13 companies assigned to Army Divisions, NTC and the AEBs will be fielded with nine aircraft each (117 total) while Continental United States based. Seven aircraft are assigned to the institutional training base at Fort Huachuca, Arizona. The four remaining aircraft are for attrition. When a company or AEB assigned to a division deploys Outside the Continental United States, the Army will reassign equipment, as required, to bring the company to full MQ-1C Gray Eagle System equipment strength (12 aircraft and associated ground support equipment).

#### Equation to Translate Annual Cost to Total Cost

Total O&S Costs \$7357.3 (BY2010\$M) / 327 Operational System years = \$22.5 (BY2010\$M) per system.

O&S Cost Variance		
Category	BY 2010 \$M	Change Explanations
Prior SAR Total O&S Estimates - Dec 2013 SAR	7357.3	
Programmatic/Planning Factors	0.0	
Cost Estimating Methodology	0.0	

Cost Data Update	0.0
Labor Rate	0.0
Energy Rate	0.0
Technical Input	0.0
Other	0.0
<b>Total Changes</b>	<b>0.0</b>
Current Estimate	7357.3

The Cost Estimating Methodology is based on actual UAS consumption data, the June 2013 DAB approved ACP and analogy to Predator and OSMIS Blackhawk data. The O&S Current Estimate is the same as the Current APB.

#### Disposal Estimate Details

**Date of Estimate:** June 14, 2013  
**Source of Estimate:** Service ICE  
**Disposal/Demilitarization Total Cost (BY 2010 \$M):** Total costs for disposal of all System are 35.2

The Demilitarization costs per the FRP DAB in June 2013 is 35.2 (BY2010\$M)