

United States Senate
WASHINGTON, DC 20510

May 16, 2011

Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington D.C. 20510

Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate
Washington D.C. 20510

Dear Chairman Levin and Ranking Member McCain:

We write to respectfully request that you include a provision to significantly restrict funding for the development of the Medium Extended Air Defense System (MEADS) in the Chairman's mark of the National Defense Authorization Act for Fiscal Year 2012.

Our nation is facing a serious fiscal crisis. In testimony before the Senate Armed Services Committee earlier this year Admiral Mike Mullen, the Chairman of the Joint Chiefs of Staff, said our nation's debt is the "single biggest threat to our national security." In response to severe budget constraints the Department of Defense (DoD) has taken initial steps to gain efficiency and cost savings. However, despite this effort, wasteful spending of taxpayer money continues to divert scarce resources from fulfilling warfighter requirements.

For instance, DoD is requesting \$804 million through Fiscal Year 2013 to proceed with the tri-national MEADS 'proof of concept' effort. Yet DoD does not intend to complete development or procure the MEADS system based on the program's inability to deliver. In fact, according to the Department's information paper distributed in February 2011 the MEADS program has encountered "management and technical challenges since its inception in the mid-1990's" and "has been unable to meet schedule costs and targets."

We are dismayed by the Department's request for millions of taxpayer dollars to continue investing in the development of a program that the U.S. military has no intention of purchasing. Although some DoD officials have suggested the investment may yield some minimal capability gains, other senior leaders including the Secretary of the Army, have expressed serious doubt the 'proof of concept' will deliver any tangible benefit for the warfighter. We, too, doubt the U.S. or partner nations will gain from additional investment based on the MEADS program's poor performance over the last two decades.

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Furthermore, DoD officials have testified that unilateral withdrawal from the program would cost the United States approximately \$846 million based on a 2004 Memorandum of Understanding (MOU) with the Governments of Germany and Italy. However, we do not believe this MOU binds Congress to authorize such careless spending. Additionally, it is unclear if the Department has ever attempted to pursue due diligence and negotiate a multi-lateral termination with the program partners. According to a NATO MEADS Management Agency White Paper of November 2010, shared contract termination liability would be approximately \$265 million per partner, significantly less than the \$804 million 'proof of concept' request or the estimated \$846 million in termination fees associated with the MOU.

As two committed advocates for a robust transatlantic defense relationship, we are mindful of the role cooperative defense initiatives can play in deepening our ties and in building interoperability between our closest transatlantic allies. However, we believe that joint funding of unnecessary and underperforming programs like MEADS actually undermines public confidence in these types of joint projects and could potentially limit opportunities for future cooperative efforts.

In this economic climate, we must ensure each dollar spent advances our national security priorities and provides for members of our militaries. We can no longer afford to do otherwise. We therefore, respectfully request you include a provision in the National Defense Authorization Act for Fiscal Year 2012 mandating the DoD pursue a multi-lateral termination of MEADS with the Governments of Italy and Germany. We also urge you to withhold the majority of the requested funds and only authorize \$265 million for contract termination liability costs.

Thank you for your consideration of this request.

Sincerely,



Mark Begich
United States Senator



Jeanne Shaheen
United States Senator