

UNCLASSIFIED

PE NUMBER: 0401130F
 PE TITLE: C-17 Aircraft

Exhibit R-2, RDT&E Budget Item Justification	DATE February 2007
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BUDGET ACTIVITY 07 Operational System Development	PE NUMBER AND TITLE 0401130F C-17 Aircraft
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Cost (\$ in Millions)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate	Cost to Complete	Total
Total Program Element (PE) Cost	160.608	173.125	181.734	238.017	218.100	208.527	224.736	225.356	Continuing	TBD
2569 C-17 Aircraft	160.608	173.125	181.734	238.017	218.100	208.527	224.736	225.356	Continuing	TBD

FY02 and later funds for LAIRCM were ZBTed to PE 41134F.

(U) A. Mission Description and Budget Item Justification

The C-17 can perform the entire spectrum of airlift missions and is specifically designed to operate effectively and efficiently in both strategic and theater environments. Airlift provides essential flexibility when responding to contingencies on short notice anywhere in the world. It is a major element of America's National Military Strategy and constitutes the most responsive means of meeting U.S. mobility requirements. Specific tasks associated with the airlift mission include deployment, employment (airland and airdrop), sustaining support, retrograde, and combat redeployment. The C-17 provides a vast increase in overall airlift capability necessary to replace and exceed the capabilities lost from retiring the aging C-141 fleet from the Air Force inventory. Not only can the C-17 deliver outsize cargo to austere tactical environments, but it also reduces ground time during airland operations. The C-17 will perform the airlift mission well into this century. RDT&E efforts support aircraft performance improvements.

This program is budget activity 7, Operational System Development, because the program has completed Milestone III and is continuing performance improvements to increase the operational capability of the C-17 through programmed modifications.

(U) B. Program Change Summary (\$ in Millions)

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
(U) Previous President's Budget	164.781	173.781		
(U) Current PBR/President's Budget	160.608	173.125	181.734	238.017
(U) Total Adjustments	-4.173			
(U) Congressional Program Reductions				
Congressional Rescissions				
Congressional Increases				
Reprogrammings	-4.173	-0.656		
SBIR/STTR Transfer				

(U) Significant Program Changes:

FY08 increase is for several new projects, including Identification Friend/Foe (IFF) Communication, Navigation, Surveillance and Air Traffic Management (CNS/ATM) Mode 5, Emergency Locator Transmitter (ELT) Frequency Change, Crew Armor Protection Phase II (12.7mm) and VNAV Capability and RNP RNAV <0.3. The FY03 National Defense Authorization Act (NDAA) language directed T&E centers to charge only direct costs beginning FY06; this reduction in FY06-11 is a result of the ZBT transferring indirect dollars from the customer accounts to PE 65807F.

Exhibit R-2a, RDT&E Project Justification

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BUDGET ACTIVITY 07 Operational System Development					PE NUMBER AND TITLE 0401130F C-17 Aircraft			PROJECT NUMBER AND TITLE 2569 C-17 Aircraft		
Cost (\$ in Millions)	FY 2006 Actual	FY 2007 Estimate	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate	Cost to Complete	Total
2569 C-17 Aircraft	160.608	173.125	181.734	238.017	218.100	208.527	224.736	225.356	Continuing	TBD
Quantity of RDT&E Articles	0	0	0	0	0	0	0	0		

(U) A. Mission Description and Budget Item Justification

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(U) B. Accomplishments/Planned Program (\$ in Millions)

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
(U) Performance Improvement Development & Testing	89.278	96.654	86.988	138.390
(U) Systems Engineering/Program Management	29.802	36.900	50.231	60.563
(U) Producibility Enhancement/Performance Improvement (PE/PI) Contractor Flight Test	27.000	22.571	30.015	26.150
(U) Producibility Enhancement/Performance Improvement (PE/PI) Government Flight Test	14.528	17.000	14.500	12.914
(U) Total Cost	160.608	173.125	181.734	238.017

(U) C. Other Program Funding Summary (\$ in Millions)

	<u>FY 2006</u> <u>Actual</u>	<u>FY 2007</u> <u>Estimate</u>	<u>FY 2008</u> <u>Estimate</u>	<u>FY 2009</u> <u>Estimate</u>	<u>FY 2010</u> <u>Estimate</u>	<u>FY 2011</u> <u>Estimate</u>	<u>FY 2012</u> <u>Estimate</u>	<u>FY 2013</u> <u>Estimate</u>	<u>Cost to</u> <u>Complete</u>	<u>Total Cost</u>
(U) APAF, MYP, BA02, PE0401130F	3449.050	4347.201	260.601	589.707	265.560	236.896	223.643	203.783	0.000	9,576.441
(U) APAF, ICS, PE0401130F	0.000	0.000	0.000	0.000	0.000	0.000			0.000	
(U) APAF, A/C Mods, BA05, PE0401130F/PE0401134F	257.358	250.488	211.206	403.605	589.708	451.718	404.283	633.697	0.000	3,202.063
(U) MilCon, Facilities, PE0401130F	77.347	174.338	44.071	0.000	0.000	0.000			0.000	295.756

In FY06, aircraft interim contract support (ICS) transitioned to contractor logistic support (CLS). Sustainment funds were transferred from ICS to O&M. Funds for initial spares and other non-CLS efforts were transferred from ICS to MYP.

Exhibit R-2a, RDT&E Project Justification

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BUDGET ACTIVITY

07 Operational System Development

PE NUMBER AND TITLE

0401130F C-17 Aircraft

PROJECT NUMBER AND TITLE

2569 C-17 Aircraft

(U) **C. Other Program Funding Summary (\$ in Millions)**

The A/C mods funding includes the LAIRCM PE since those funds are included in the C-17 11C17A BPAC (P-1 line)

(U) **D. Acquisition Strategy**

The C-17 Acquisition Strategy is based on several separate contracts to support the entire scope of the C-17 weapon system. These contracts are: 1) a multi-year procurement (MYP) aircraft contract (to economically purchase the remaining complement of 180 production aircraft) - (APAF), additionally a new IDIQ contract was issued for the procurement of C-17s beyond 180, including the additional 10 aircraft authorized in the FY07 PB and foreign orders that may materialize; 2) a Producibility Enhancement and Performance Improvement (PE/PI) contract (to develop cost reduction changes, capability enhancements, and design fixes to service-revealed problems) - (RDT&E, APAF); 3) a Globemaster III Sustainment Partnership (field support) contract (to support the current and future fielded aircraft) - (O&M, TWCF); 4) a MYP engine contract (for Government Furnished Equipment [GFE] engines) - (APAF, O&M, TWCF); 5) a set of aircrew simulator and training contracts: one for aircrew simulators and one for training & concurrency upgrades; and 6) a maintenance training device contract (for devices & concurrency upgrades) - (APAF).

Two C-17 Defense Acquisition Board (DAB) decisions, contained in the 3 Nov 95 and 1 Feb 96 USD(A&T) Acquisition Decision Memoranda (ADM), directed the Air Force to proceed with a 120-aircraft production program. The Air Force proceeded with procuring 40 aircraft followed by an 80-aircraft MYP program (along with engines to support them). Sixty additional C-17s were programmed at the end of the 80-aircraft MYP to meet requirements not included in the 120 aircraft program. Most recently, the FY07 PB authorized funding for 10 additional aircraft bringing the total fleet number to 190 aircraft.

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Exhibit R-3, RDT&E Project Cost Analysis

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BUDGET ACTIVITY										PE NUMBER AND TITLE		PROJECT NUMBER AND TITLE			
07 Operational System Development										0401130F C-17 Aircraft		2569 C-17 Aircraft			
(U) Cost Categories (Tailor to WBS, or System/Item Requirements) (\$ in Millions)	<u>Contract Method & Type</u>	<u>Performing Activity & Location</u>	<u>Total Prior to FY 2006 Cost</u>	<u>FY 2006 Cost</u>	<u>FY 2006 Award Date</u>	<u>FY 2007 Cost</u>	<u>FY 2007 Award Date</u>	<u>FY 2008 Cost</u>	<u>FY 2008 Award Date</u>	<u>FY 2009 Cost</u>	<u>FY 2009 Award Date</u>	<u>Cost to Complete</u>	<u>Total Cost</u>	<u>Target Value of Contract</u>	
(U) <u>Product Development</u>															
Boeing	C,FPI/FP		5,337.804										5,337.804		
Boeing	C,CPAF		1,048.313	145.930	Nov-05	155.965	Oct-06	158.229	Nov-07	215.885	Nov-08	784.069	2,508.391		
Pratt & Whitney	C,FP		25.346									0.000	25.346		
Boeing	C,FPI		83.885									0.000	83.885		
Pratt & Whitney	FP+EPA		7.506									0.000	7.506		
None													0.000		
Subtotal Product Development			6,502.854	145.930		155.965		158.229		215.885		784.069	7,962.932	0.000	
Remarks:															
(U) <u>Support</u>															
Mission Support OGC	PO		97.800					8.835	Oct-07	9.038	Oct-08	38.279	153.952		
Site Activation OGC	PO		1.500									0.000	1.500		
Miscellaneous			22.400									0.000	22.400		
None													0.000		
Subtotal Support			121.700	0.000		0.000		8.835		9.038		38.279	177.852	0.000	
Remarks:															
(U) <u>Test & Evaluation</u>															
Combined Test Force	PO		313.960	10.243	Oct-05	15.000	Oct-06	14.500	Nov-07	12.914	Nov-08	53.551	420.168		
Wright Labs	PO		10.732	0.150	Jan-06	0.160	Dec-06	0.170	Dec-07	0.180	Dec-08	0.820	12.212		
Other (Army funds for testing)	PO		9.016	4.285	Jan-06	2.000	Feb-07					0.000	15.301		
None													0.000		
Subtotal Test & Evaluation			333.708	14.678		17.160		14.670		13.094		54.371	447.681	0.000	
Remarks:															
(U) <u>Management</u>															
Subtotal Management			0.000	0.000		0.000		0.000		0.000		0.000	0.000	0.000	
Remarks:															
(U) Total Cost			6,958.262	160.608		173.125		181.734		238.017		876.719	8,588.465	0.000	

Exhibit R-4, RDT&E Schedule Profile

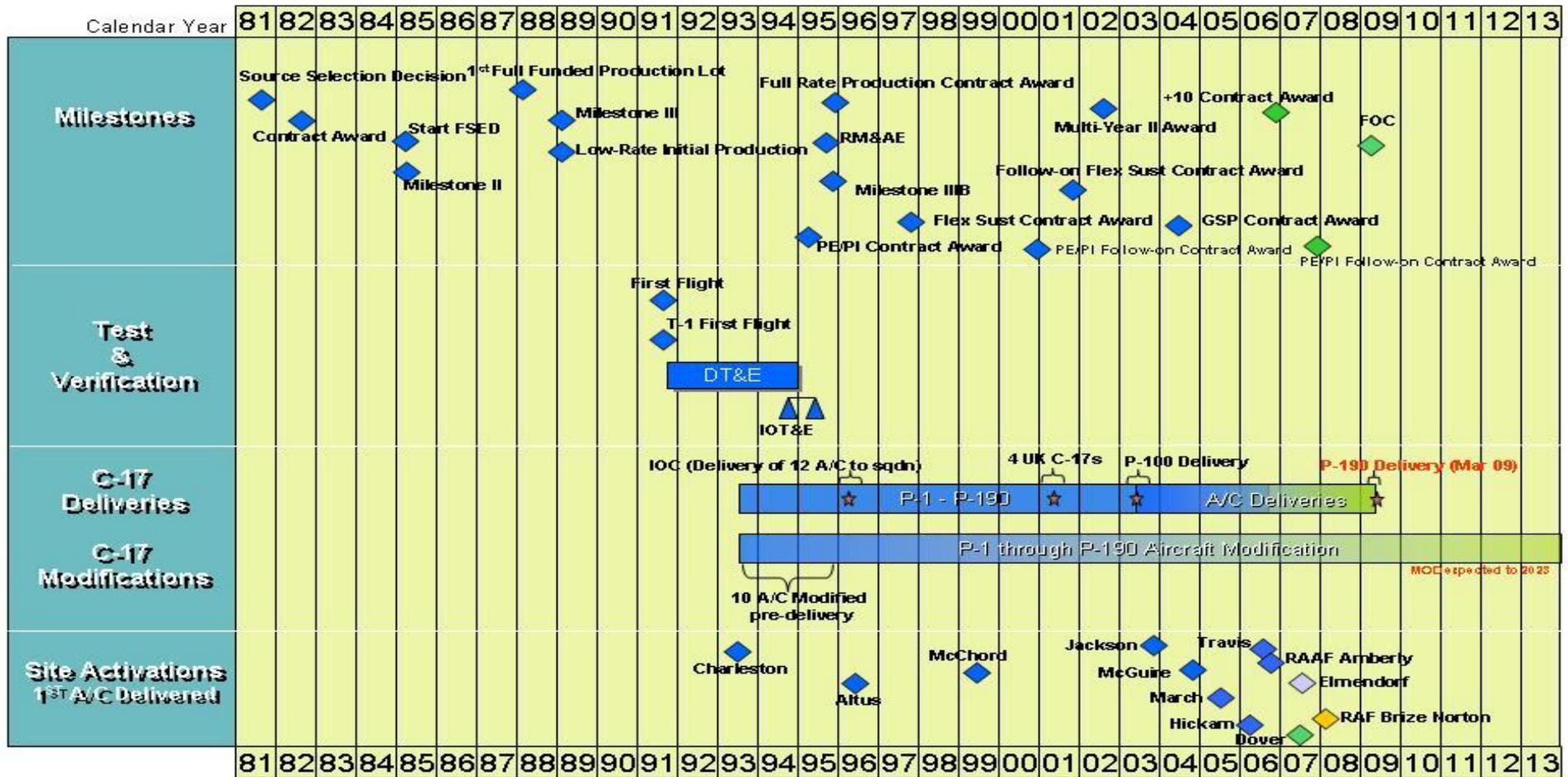
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BUDGET ACTIVITY
07 Operational System Development

PE NUMBER AND TITLE
0401130F C-17 Aircraft

PROJECT NUMBER AND TITLE
2569 C-17 Aircraft

C-17 Aircraft Schedule



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Exhibit R-4a, RDT&E Schedule Detail

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BUDGET ACTIVITY 07 Operational System Development	PE NUMBER AND TITLE 0401130F C-17 Aircraft	PROJECT NUMBER AND TITLE 2569 C-17 Aircraft
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(U) Schedule Profile	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
(U) Incremental Funding of Ongoing Performance Improvement Projects (Boeing)	1-3Q	1-3Q	1-3Q	1-3Q
(U) Airdrop Improvements		3Q	1Q	1Q
(U) CNS/ATM IFF Mode S Enhanced S	2Q	1Q	1Q	2Q
(U) IFF CNS/ATM Mode 5			2Q	1Q
(U) ELT Frequency Change			3Q	1Q
(U) Crew Armor Protection Phase II			3Q	2Q
(U) RNAV/VNAV Capability			2Q	1Q
(U) Air Force Flight Test Center	1Q	1Q	1Q	1Q