

UNCLASSIFIED

PE NUMBER: 0401221F
 PE TITLE: KC-135 Replacement Tanker

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 0401221F KC-135 Replacement Tanker
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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	24.095	69.632	314.454	1,046.700	454.460	64.440	0.000	0.000	Continuing	TBD
4927 KC-135 Replacement Tanker	24.095	69.632	314.454	1,046.700	454.460	64.440	0.000	0.000	Continuing	TBD

FY05 Congressional add of \$100M in Tanker Replacement Transfer Fund. \$10.2M was requested in FY05 and received in May 05, currently \$89.8M remaining.

(U) A. Mission Description and Budget Item Justification

The Air Force considered data in the Analysis of Alternatives (AoA) for KC-135 Recapitalization, industry responses to a Request for Information and two draft Request for Proposals, and is pursuing a strategy of full and open competition to select a commercial derivative replacement tanker aircraft. The Air Force needs to replace its aging KC-135 tankers (average age 45 years). This initial increment, known as KC-X, will replace roughly one-third of the current capability. The KC-X will be able to provide fuel to joint and coalition receivers via a boom or drogue system on every mission and will also augment the airlift fleet with cargo, passenger and medical evacuation capabilities.

The KC-X will be able to operate in day/night and adverse weather conditions to enable deployment, employment, sustainment and reloyment of U.S. joint, allied and coalition forces. The KC-X will have navigation and communication equipment for world-wide operations; will have the capability for performing missions in chemical and biological environments; and will have the capability to operate in low to medium threat areas and near-high threat areas with self-defense/protection (both active and passive) capabilities and necessary battle space awareness to mitigate threats.

The KC-X development effort will also procure the necessary ground and flight test assets to support developmental/operational test. In part due to the 7-month pause, the Air Force restructured the KC-X program to procure up to four RDT&E aircraft that will accelerate testing and certification.

(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	94.898	203.932	238.125	113.361
(U) Current PBR/President's Budget	24.095	69.632	314.454	1,046.700
(U) Total Adjustments	-70.803			
(U) Congressional Program Reductions				
Congressional Rescissions				
Congressional Increases				
Reprogrammings	-70.803			
SBIR/STTR Transfer				

(U) Significant Program Changes:

In part due to the 7-month pause, the Air Force restructured the KC-X program to procure up to four RDT&E aircraft that will accelerate testing and certification. As of January 2007, the KC-X program has received \$19.7M of FY2006 funds. FY07 actual Appropriation was \$70M vs. original request of \$203.932M.

Exhibit R-2a, RDT&E Project Justification

DATE
February 2007

BUDGET ACTIVITY 07 Operational System Development							PE NUMBER AND TITLE 0401221F KC-135 Replacement Tanker		PROJECT NUMBER AND TITLE 4927 KC-135 Replacement Tanker	
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
4927 KC-135 Replacement Tanker	24.095	69.632	314.454	1,046.700	454.460	64.440	0.000	0.000	Continuing	TBD
Quantity of RDT&E Articles	0	0	0	0	0	0	0	0		

FY05 Congressional add of \$100M in Tanker Replacement Transfer Fund. \$10.2M requested in FY05 and received in May 05. Currently, \$89.8M remaining.

(U) A. Mission Description and Budget Item Justification

The Air Force considered data in the Analysis of Alternatives (AoA) for KC-135 Recapitalization, industry responses to a Request for Information and two draft Request for Proposals, and is pursuing a strategy of full and open competition to select a commercial derivative replacement tanker aircraft. The Air Force needs to replace its aging KC-135 tankers (average age 45 years). This initial increment, known as KC-X, will replace roughly one-third of the current capability. The KC-X will be able to provide fuel to joint and coalition receivers via a boom or drogue system on every mission and will also augment the airlift fleet with cargo, passenger and medical evacuation capabilities.

The KC-X will be able to operate in day/night and adverse weather conditions to enable deployment, employment, sustainment and reemployment of U.S. joint, allied and coalition forces. The KC-X will have navigation and communication equipment for world-wide operations; will have the capability for performing missions in chemical and biological environments; and will have the capability to operate in low to medium threat areas and near-high threat areas with self-defense/protection (both active and passive) capabilities and necessary battle space awareness to mitigate threats.

The KC-X development effort will also procure the necessary ground and flight test assets to support developmental/operational test. In part due to the 7-month pause, the Air Force restructured the KC-X program to procure up to four RDT&E aircraft that will accelerate testing and certification.

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

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
(U) Non-recurring engineering, RDT&E tanker aircraft and support	8.150	50.000	299.224	1,023.350
(U) Test	0.100	2.000	3.130	10.590
(U) Studies	4.000	2.000	2.100	2.100
(U) Program office	7.455	9.002	10.000	10.660
(U) Omnibus, Other Sources	4.390	6.630		
(U) Total Cost	24.095	69.632	314.454	1,046.700

(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) Aircraft Procurement		0.000	0.000	61.660	2065.314	3049.994	3212.777	3059.906		
(U) MILCON				0.000	95.476	94.676	44.676	0.000		
(U) O&M		0.067	0.122	1.068	2.511	70.227	100.029	191.894		

Exhibit R-2a, RDT&E Project Justification

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BUDGET ACTIVITY

07 Operational System Development

PE NUMBER AND TITLE

0401221F KC-135 Replacement
Tanker

PROJECT NUMBER AND TITLE

4927 KC-135 Replacement Tanker

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

APPN=PE#0401221F/KC-135 Replacement Aircraft

(U) **D. Acquisition Strategy**

The KC-X program is pursuing an acquisition strategy of a full and open competition to select a commercial derivative replacement tanker aircraft. The final strategy is pending until release of the final Request for Proposal.

As the initial phase of a comprehensive aerial refueling re-capitalization strategy, the KC-X program will replace approximately one third of the war-fighting capability provided by the current aerial refueling fleet. The KC-X program will procure approximately 179 aircraft. SDD contract award is anticipated in 1st Qtr FY08.

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Exhibit R-3, RDT&E Project Cost Analysis												DATE February 2007		
BUDGET ACTIVITY 07 Operational System Development						PE NUMBER AND TITLE 0401221F KC-135 Replacement Tanker				PROJECT NUMBER AND TITLE 4927 KC-135 Replacement Tanker				
(U) Cost Categories (Tailor to WBS, or System/Item Requirements) (\$ in Millions)	Contract Method & Type	Performing Activity & Location	Total Prior to FY 2006 Cost	FY 2006 Cost	FY 2006 Award Date	FY 2007 Cost	FY 2007 Award Date	FY 2008 Cost	FY 2008 Award Date	FY 2009 Cost	FY 2009 Award Date	Cost to Complete	Total Cost	Target Value of Contract
(U) <u>Product Development</u> Non-recurring, RDT&E tanker aircraft and support	TBD	Aerospace manufacturer TBD		8.150		50.000		299.224	Oct-07	1,023.350			1,380.724	
Subtotal Product Development			0.000	8.150		50.000		299.224		1,023.350		0.000	1,380.724	0.000
(U) <u>Support</u> Studies and Analysis		Proposed ASC/EN/XR, AFVB, Edwards, AFMSS, RAND, Eglin, trainers, support contractors		4.000		2.000		2.100		2.100			10.200	
Subtotal Support			0.000	4.000		2.000		2.100		2.100		0.000	10.200	0.000
(U) <u>Test & Evaluation</u> Test and Planning	TBD	AFFTC, AFOTEC, Edwards AFB, Surviac, Live Fire		0.100		2.000		3.130		10.590			15.820	
Subtotal Test & Evaluation			0.000	0.100		2.000		3.130		10.590		0.000	15.820	0.000
(U) <u>Management</u> 653d Aeronautical Systems Squadron	n/a	653 AESS, Wright Patterson AFB		7.455		9.002		10.000		10.660			37.117	
Subtotal Management			0.000	7.455		9.002		10.000		10.660		0.000	37.117	0.000
(U) <u>AF WH, Omnibus, Other Sources</u> Air Force withhold, Omnibus, Other Sources	na			4.390		6.630		0.000		0.000			11.020	
Subtotal AF WH, Omnibus, Other Sources			0.000	4.390		6.630		0.000		0.000		0.000	11.020	0.000

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Project 4927

Exhibit R-3 (PE 0401221F)

Exhibit R-3, RDT&E Project Cost Analysis

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PE NUMBER AND TITLE

0401221F KC-135 Replacement Tanker

PROJECT NUMBER AND TITLE

4927 KC-135 Replacement Tanker

Remarks:

(U) Total Cost	0.000	24.095	69.632	314.454	1,046.700	0.000	1,454.881	0.000
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Exhibit R-4, RDT&E Schedule Profile

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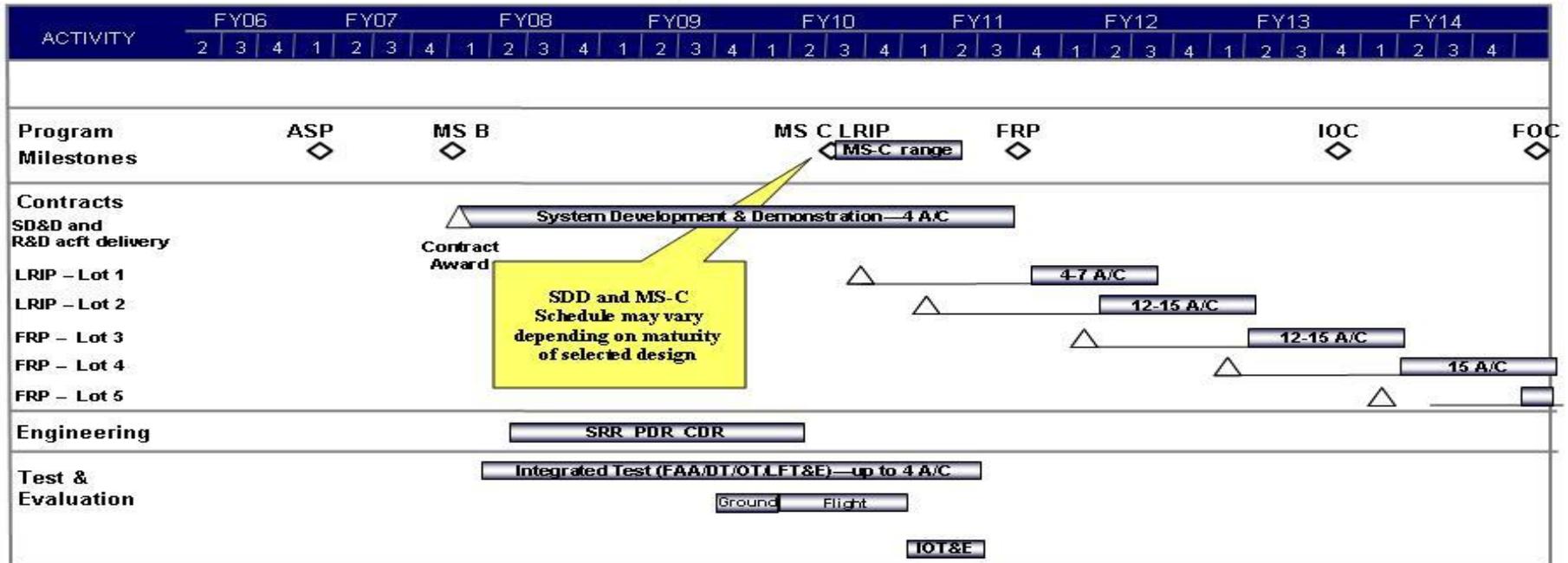
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PROJECT NUMBER AND TITLE
4927 KC-135 Replacement Tanker

KC-X Program Notional Schedule



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Exhibit R-4a, RDT&E Schedule Detail

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PROJECT NUMBER AND TITLE

4927 KC-135 Replacement Tanker

(U) Schedule Profile

(U) Non-recurring engineering, RDT&E tanker aircraft and support

(U) Test

(U) Studies

(U) Program office

FY 2006

FY 2007

FY 2008

FY 2009

4Q

1-4Q

1-4Q