

EXHIBIT R-2, RDT&E Budget Item Justification						DATE: February 2007		
APPROPRIATION/BUDGET ACTIVITY						R-1 ITEM NOMENCLATURE		
RESEARCH DEVELOPMENT TEST & EVALUATION, NAVY / BA-5						0604273N, VH-71A Executive Helo Development		
COST (\$ in Millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Total PE Cost	897.582	630.185	270.971	492.214	212.947	34.979	35.556	36.149
3058, VH-71 Replacement Helo	897.582	630.185	270.971	492.214	212.947	34.979	35.556	36.149

(U) A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION: Marine Helicopter Squadron One (HMX-1) is required to provide safe and timely transportation for the President and Vice President of the United States, heads of state and others as directed by the White House Military Office (WHMO). Currently two Type, Model, Series (TMS) aircraft are used by HMX-1 for the Presidential support mission – the VH-3D and the VH-60N. The VH-71 program provides the replacement helicopter for the VH-3D and VH-60N. In order for the VH-71 to be available to most effectively assume Presidential vertical lift mission by FY10, two increments are being developed. Increment 1 will provide an initial limited capability to fulfill the immediate need Presidential lift requirement, while Increment 2 will be developed to complete all of the Presidential support requirements. Three (3) test article aircraft, system design and development (SDD) efforts, maintenance trainers, and associated logistics were initiated in 2005 for Increment 1 and 2. Included in the SDD contract were five (5) Increment 1 pilot production aircraft to support Initial Operational Capability (IOC). FY08 funds were adjusted due to Increment 2 execution associated with concurrency with Increment 1 development, design, and production. Increment 2 performance requirements necessitate the procurement of a fourth test article aircraft (second air vehicle performance aircraft) in FY08 to accommodate air vehicle structural differences between Increment 1 and 2 (main gear box, drive train, engines, tail unit and main rotor blades). The program is in the process of reassessing Increment 2 culminating with a Systems Requirements Review and revised government cost estimate. Assessment recommendations will be forwarded to adjust, as required, fiscal years beyond FY08 during the FY09 budget process.

B. PROGRAM CHANGE SUMMARY

Funding:	FY 2006	FY 2007	FY 2008	FY 2009
Previous President's Budget:	921.840	682.597	682.735	367.961
Current BES / President's Budget:	897.582	630.185	270.971	492.214
Total Adjustments	-24.258	-52.412	-411.764	124.253

Summary of Adjustments

Congressional Reductions				
Congressional Rescissions				
Congressional Undistributed Reductions				
Congressional Increases	0.486			
Economic Assumptions	0.209	-0.023	0.039	0.103
Miscellaneous Adjustments	-24.953	-52.389	-411.803	124.150
Subtotal	-24.258	-52.412	-411.764	124.253

Schedule: FY08 funds were adjusted due to Increment 2 execution associated with concurrency with Increment 1 development, design, and production.

Technical: Same as Schedule

EXHIBIT R-2a, RDT&E Project Justification

DATE:
February 2007

APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA-5	PROGRAM ELEMENT NUMBER AND NAME 0604273N, VH-71A Executive Helo Development	PROJECT NUMBER AND NAME 3058, VH-71 Replacement Helo						
COST (\$ in Millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
3058, VH-71 Replacement Helo	897.582	630.185	270.971	492.214	212.947	34.979	35.556	36.149
RDT&E Articles Qty	5		1					

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B. ACCOMPLISHMENTS / PLANNED PROGRAM:

Governmental Developmental Support	FY 2006	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	46.088	38.506	40.235	TBD
RDT&E Articles Qty				

In-house, field activity, and contractor support of VH-71 Integrated Product Teams (IPTs) activities. Efforts include, but are not limited to, government development support, integrated logistics support, engineering support, program management support, systems engineering support, support equipment, technical pubs, and travel for VH-71 program. The program is in the process of reassessing Increment 2 culminating with a Systems Requirements Review and revised government cost estimate. Assessment recommendations will be forwarded to adjust, as required, fiscal years beyond FY08 during the FY09 budget process.

Governmental Test & Evaluation	FY 2006	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	12.847	28.761	16.400	TBD
RDT&E Articles Qty				

Test and Evaluation of test article aircraft, pilot production aircraft, and SDD assets, including Live Fire Test and Evaluation. The program is in the process of reassessing Increment 2 culminating with a Systems Requirements Review and revised government cost estimate. Assessment recommendations will be forwarded to adjust, as required, fiscal years beyond FY08 during the FY09 budget process.

Primary Hdware & System Engineering	FY 2006	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	838.647	562.918	214.336	TBD
RDT&E Articles Qty	5		1	

Contract award for initial test article aircraft, long-lead pilot production aircraft efforts, System Design and Development (SDD) work efforts, and support of training systems efforts including but not limited to, aircrew / pilot trainers, training curriculum, and requisite training support. The program is in the process of reassessing Increment 2 culminating with a Systems Requirements Review and revised government cost estimate. Assessment recommendations will be forwarded to adjust, as required, fiscal years beyond FY08 during the FY09 budget process.

APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA-5	PROGRAM ELEMENT NUMBER AND NAME 0604273N, VH-71A Executive Helo Development	PROJECT NUMBER AND NAME 3058, VH-71 Replacement Helo
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C. OTHER PROGRAM FUNDING SUMMARY:	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total Cost
045500; VH-71A				454.318	371.708	408.845	416.671	424.584	141.038	2,217.164
060510; VH-71A Spares				101.303	83.238	49.250	47.069	51.526	20.082	352.468

D. ACQUISITION STRATEGY:

The VH-71 program was designated an ACAT ID program. The program received milestone B/C approval from OUSD (AT&L) on 27 JAN 2005 and subsequently awarded an SDD contract to LMSI on 28 JAN 2005. FY08 funds were adjusted due to Increment 2 execution associated with concurrency with Increment 1 development, design, and production. The program is in the process of reassessing Increment 2 culminating with a Systems Requirements Review and revised government cost estimate. Assessment recommendations will be forwarded to adjust, as required, fiscal years beyond FY08 during the FY09 budget process.

Exhibit R-3 Cost Analysis (page 1)										DATE: February 2007		
APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA-5			PROGRAM ELEMENT 0604273N, VH-71A Executive Helo Development				PROJECT NUMBER AND NAME 3058, VH-71 Replacement Helo					
Cost Categories	Contract Method & Type	Performing Activity & Location	Total PY s Cost	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
PRODUCT DEVELOPMENT												
Primary Hdw Development	C-CPAF	LOCKHEED MARTIN CORP, OWEGO, NY	1,326.444	562.918	Nov 2006	214.336	Nov 2007	TBD		TBD	TBD	TBD
Systems Eng	WX	NAWCAD, PATUXENT RIVER MD	2.349			2.300	Nov 2007	TBD		TBD	TBD	
SUBTOTAL PRODUCT DEVELOPMENT			1,328.793	562.918		216.636		TBD		TBD	TBD	

Remarks:

SUPPORT												
Develop Support Equip	VARIOUS	VARIOUS	18.414	11.300	Jan 2007	2.950	Jan 2008	TBD		TBD	TBD	
Integrated Logistics Sup	WX	NADEP, CHERRY POINT NC	1.053			2.100	Nov 2007	TBD		TBD	TBD	
Integrated Logistics Sup	WX	NAWCAD, LAKEHURST NJ	1.179			2.700	Nov 2007	TBD		TBD	TBD	
Integrated Logistics Sup	VARIOUS	VARIOUS	10.659	11.500	Nov 2006	5.050	Nov 2007	TBD		TBD	TBD	
Studies & Analyses	C-FFP	LOCKHEED MARTIN CORP, OWEGO, NY	87.423								87.423	87.423
Studies & Analyses	C-FFP	SIKORSKY, AIRCRAFT, CT	87.422								87.422	87.422
Studies & Analyses	WX	NAWCAD, PATUXENT RIVER, MD	2.180								2.180	
SUBTOTAL SUPPORT			208.330	22.800		12.800		TBD		TBD	TBD	

Remarks:

TEST & EVALUATION												
Dev Test & Eval	WX	NAWCAD, PATUXENT RIVER MD	.436		Nov 2006	9.400	Nov 2007	TBD		TBD	TBD	
Dev Test & Eval	VARIOUS	VARIOUS	18.836	27.761	Nov 2006	6.000	Nov 2007	TBD		TBD	TBD	
Live Fire Test & Eval	WX	NAWCAD, CHINA LAKE CA	6.059	1.000	Nov 2006	1.000	Nov 2007	TBD		TBD	TBD	
SUBTOTAL TEST & EVALUATION			25.331	28.761		16.400		TBD		TBD	TBD	

Remarks:

MANAGEMENT												
Contractor Eng Sup	VARIOUS	TBD	8.499	1.438	Dec 2006	.634	Dec 2007	TBD		TBD	TBD	
Government Eng Sup	WX	NAWCAD, PATUXENT RIVER MD	39.149	8.157	Nov 2006	12.066	Nov 2007	TBD		TBD	TBD	
Government Eng Sup	VARIOUS	VARIOUS	1.191	1.452	Dec 2006	2.700	Dec 2007	TBD		TBD	TBD	
Program Mgmt Sup	WX	NAWCAD, PATUXENT RIVER MD	4.166			5.764	Nov 2007	TBD		TBD	TBD	
Program Mgmt Sup	VARIOUS	VARIOUS	28.818	4.343	Dec 2006	3.236	Dec 2007	TBD		TBD	TBD	
Transportation	VARIOUS	NAVAIR, PAXTUXENT RIVER MD	.004			.010	Nov 2007	TBD		TBD	TBD	
Travel	VARIOUS	NAVAIR, PAXTUXENT RIVER MD	1.467	.316	Oct 2006	.725	Oct 2007	TBD		TBD	TBD	
SUBTOTAL MANAGEMENT			83.294	15.706		25.135		TBD		TBD	TBD	

Remarks:

Total Cost			1,645.748	630.185		270.971		492.214			TBD	
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CLASSIFICATION:																																
EXHIBIT R4, Schedule Profile																								DATE:								
																								February 2007								
APPROPRIATION/BUDGET ACTIVITY												PROGRAM ELEMENT NUMBER AND NAME								PROJECT NUMBER AND NAME												
RDT&E, N / BA-5												0604273N, VH-71A Executive Helo Development								3058, VH-71 Replacement Helo												
Fiscal Year	FY 2006				FY 2007				FY 2008				FY 2009				FY 2010				FY 2011				FY 2012				FY 2013			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Acquisition Milestones																																
RDT&E Contract Awards																																
Procurement Contract Awards																																
Design & Development	Increment 1				Increment 2																											
4 Test Aircraft					Test Articles																											
Deliveries (4 Test Aircraft)									Increment 1 Test Aircraft Delivery																							
Pilot Production (5 a/c)					Pilot Production																											
Test & Evaluation Milestones																																
Integrated Test Program Increment 1					Increment 1 Integrated Test																											
Increment 2									Increment 2 Integrated Test																							
Trainers									Pilot / Maint Trainers																							

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CLASSIFICATION:

Exhibit R-4a, Schedule Detail

DATE:
February 2007

APPROPRIATION/BUDGET ACTIVITY	PROGRAM ELEMENT				PROJECT NUMBER AND NAME			
RDT&E, N / BA-5	0604273N, VH-71A Executive Helo Development				3058, VH-71 Replacement Helo			
Schedule Profile	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
SDD Design and Development	1Q-4Q	1Q-4Q	1Q-4Q					
Test Aircraft Build (Test Articles)	1Q-4Q	1Q-4Q	1Q-4Q					
Integrated Test Program (Increment 1)	1Q-4Q	1Q-4Q	1Q-4Q					
Pilot Production	1Q-4Q	1Q-4Q	1Q-4Q					
Integrated Test Program (Increment 2)		4Q	1Q-4Q					
Increment 1 Test Aircraft delivery		4Q						
Increment 2 Test Article Aircraft Contract Award			1Q					
Pilot / Maintenance Trainers			1Q-4Q					

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