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EXHIBIT R-2, RDT&E Budget Item Justification							DATE:		
APPROPRIATION/BUDGET ACTIVITY							February 2007		
RESEARCH DEVELOPMENT TEST & EVALUATION, NAVY / BA-5							R-1 ITEM NOMENCLATURE		
							0605212N, CH-53K RDTE		
COST (\$ in Millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	
Total PE Cost	251.970	350.322	417.161	615.999	598.593	545.040	369.347	462.855	
3059 CH-53K Development	251.970	350.322	417.161	615.999	598.593	545.040	369.347	462.855	

(U) A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:

The CH-53E is the only marinized heavy-lift helicopter in the world and is the Marine Corps only heavy-lift helicopter. An improved CH-53E is needed to support Marine Air-Ground Task Force heavy-lift requirements in the 21st century joint environment. The CH-53E mission is the conduct of expeditionary heavy-lift assault transport of armored vehicles, equipment and personnel to support distributed operations deep inland from a sea-based center of operations. The CH-53E "Super Stallion" was introduced into operations in 1980 as an upgrade version of the CH-53D. The CH-53E has developed performance degradation, fatigue life, interoperability, maintenance supportability, and other operational concerns. The CH-53K, an upgraded variant of the CH-53E, will provide improvements in range and payload, performance, cargo handling and turn-around times, reliability and maintainability, interoperability, and survivability. The CH-53K program is required to provide full system capability, including shipboard compatibilities, at Initial Operational Capability (IOC) in Fiscal Year (FY) 2015. The CH-53K will replace the CH-53E, with Full Operational Capability (FOC) achieved by FY 2021.

FY07 and FY08 RDT&E efforts focus on CH-53K System Development and Demonstration (SDD) activities that accomplish a successful FY 2008 Preliminary Design Review (PDR) and promote a successful FY 2009 Critical Design Review (CDR).

B. PROGRAM CHANGE SUMMARY

Funding:	FY 2006	FY 2007	FY 2008	FY 2009
Previous President's Budget:	267.860	362.672	463.634	621.656
Current BES:	251.970	350.322	417.161	615.999
Total Adjustments	-15.890	-12.350	-46.473	-5.657

Summary of Adjustments

Congressional Reductions		-5.000		
Congressional Rescissions				
Congressional Undistributed Reductions	-7.557	-1.350		
Congressional Increases	0.141			
Economic Assumptions			2.527	5.409
Miscellaneous Adjustments	-8.474	-6.000	-49.000	-11.066
Subtotal	-15.890	-12.350	-46.473	-5.657

Schedule:

Schedule has matured as CH-53K Risk Reduction activities have been completed. MS B was approved 1QFY06, MS C is scheduled for FY13, with corresponding adjustments to key events between MS B and MS C.

Technical:

Not Applicable

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EXHIBIT R-2a, RDT&E Project Justification							DATE: February 2007		
APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA-5		PROGRAM ELEMENT NUMBER AND NAME 0605212N, CH-53K RDTE			PROJECT NUMBER AND NAME 3059, CH-53K Development				
COST (\$ in Millions)		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
3059 CH-53K Development		251.970	350.322	417.161	615.999	598.593	545.040	369.347	462.855
RDT&E Articles Qty				1	2	2			4

A. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:

The CH-53E is the only marinized heavy-lift helicopter in the world and is the Marine Corps only heavy-lift helicopter. An improved CH-53E is needed to support Marine Air-Ground Task Force heavy-lift requirements in the 21st century joint environment. The CH-53E mission is the conduct of expeditionary heavy-lift assualt transport of armored vehicles, equipment and personnel to support distributed operations deep inland from a sea-based center of operations. The CH-53E "Super Stallion" was introduced into operations in 1980 as an upgrade version of the CH-53D. The CH-53E has developed performance degradation, fatigue life, interoperability, maintenance supportability, and other operational concerns. The CH-53K, an upgraded variant of the CH-53E, will provide improvements in range and payload, performance, cargo handling and turn-around times, reliability and maintainability, interoperability, and survivability. The CH-53K program is required to provide full system capability, including shipboard compatabilities, at Initial Operational Capability (IOC) in Fiscal Year (FY) 2015. The CH-53K will replace the CH-53E, with Full Operational Capability (FOC) achieved by FY 2021.

FY07 and FY08 RDT&E efforts focus on CH-53K System Development and Demonstration (SDD) activities that accomplish a successful FY 2008 Preliminary Design Review (PDR) and promote a successful FY 2009 Critical Design Review (CDR).

B. ACCOMPLISHMENTS / PLANNED PROGRAM:

AIR VEHICLE DEVELOPMENT	FY 2006	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	214.914	307.780	367.525	561.534
RDT&E Articles Qty			1	2

System Development and Demonstration (SDD) activities for the CH-53K air vehicle and its associated subsystems and components, and CH-53K ancillary systems.

INTEGRATED LOGISTICS REPORT	FY 2006	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	6.361	7.625	11.500	12.400
RDT&E Articles Qty				

In-house, field activities, and contractors support of Integrated Logistic support, including but not limited to planning, preparations, and management of data, support equipment, Government Furnished Equipment (GFE), and training elements of CH-53K development.

SYSTEMS ENGINEERING & PROJECT MANAGEMENT	FY 2006	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	30.695	34.917	38.136	42.065
RDT&E Articles Qty				

In-house, field activities, and contractors support of Integrated Product Teams (IPTs) to allow for the preparation of acquisition strategy, examination of equipment and avionics for the CH-53K, and development of acquisition documentation. Efforts include, but are not limited to, equipment development support, engineering support, program management support, systems engineering support, and travel for the CH-53K program.

EXHIBIT R-2a, RDT&E Project Justification		DATE: February 2007
APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA-5	PROGRAM ELEMENT NUMBER AND NAME 0605212N, CH-53K RDTE	PROJECT NUMBER AND NAME 3059, CH-53K Development

government development support, engineering support, program management support, systems engineering support, and travel for the CH-53K program.

D. ACQUISITION STRATEGY:

On 31 October 2005, the Defense Acquisition Board reviewed the CH-53K program for a Milestone (MS) B decision on entry to System Development and Demonstration (SDD). As a result of this meeting a decision was deferred until approval of a Department of the Navy Program Change Proposal (PCP) that would provide full funding for the program. The PCP was accepted under a Program Budget Decision and Under Secretary of the Navy (Acquisition, Technology and Logistics) (USD(AT&L)) signed the Acquisition Decision Memorandum (ADM) on 22 December 2005. The CH-53K program was initiated as an Acquisition Category (ACAT) ID program, based on total estimated costs for Research, Development, Test and Evaluation (RDT&E), and Aircraft Procurement, Navy (APN). The CH-53K program will use a single-step acquisition approach to meet an Initial Operational Capability (IOC) of FY 2015.

Total aircraft quantities for the HLR program are 161 CH-53K helicopters. This includes one Ground Test Vehicle (GTV) and four Engineering Development Models (EDMs) for SDD, to be purchased with RDT&E funds. Of the remaining 156 Production-representative and Production aircraft, the first six will be procured as Low Rate Initial Production (LRIP) Lot 1 aircraft with RDT&E and APN funds, with the four RDT&E aircraft to be used for Initial Operational Test and Evaluation (IOT&E) and the two APN aircraft establishing the IOC production base.

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Exhibit R-3 Cost Analysis (page 1)										DATE: February 2007		
APPROPRIATION/BUDGET ACTIVITY RDT&E,N / BA-5		PROGRAM ELEMENT 0605212N, CH-53K RDTE				PROJECT NUMBER AND NAME 3059, CH-53K Development						
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												
Award Fees	CPAF	SIKORSKY A/C CORP, STRATFORD, CT	11.709	21.717	Dec 2007	25.045	Dec 2008	26.721	Dec 2009	165.005	250.198	250.198
GFE	VARIOUS	VARIOUS	4.521	19.225	VARIOUS	15.149	VARIOUS	3.911	VARIOUS		42.806	
Primary Hdw Development	CFFP	SIKORSKY A/C CORP, STRATFORD, CT	278.552	266.838	Jan 2007	328.511	Dec 2007	531.902	Dec 2008	2,016.066	3,421.869	3,421.869
SUBTOTAL PRODUCT DEVELOPMENT			294.782	307.780		368.705		562.534		2,181.071	3,714.873	

Remarks: Award fee obligation occurs 3 months after end of award fee period.

SUPPORT												
Develop Support Equip	WX	TBD								48.600	48.600	
Integrated Logistics Sup	WX	NAWCAD, PATUXENT RIVER MD	6.474	5.250	Dec 2006	5.750	Dec 2007	6.100	Dec 2008	51.772	75.346	
Studies & Analyses	VARIOUS	VARIOUS	7.130	1.125	VARIOUS	.950	TBD	.700	TBD	.900	10.805	
SUBTOTAL SUPPORT			13.604	6.375		6.700		6.800		101.272	134.751	

Remarks:

TEST & EVALUATION												
Dev Test & Eval	WX	NAWCAD, PATUXENT RIVER MD				2.600	Dec 2007	3.600	Dec 2008	69.250	75.450	
Dev Test & Eval	WX	NAWCWD, PT MUGU CA	.500	1.250	Dec 2006						1.750	
Dev Test & Eval	MP	ARMY, ADELPHI, MD	.097								.097	
Live Fire Test & Eval	WX	NAWCWD, CHINA LAKE CA				1.020	TBD	1.000	TBD	12.450	14.470	
Oper Test & Eval	WX	TBD								25.000	25.000	
SUBTOTAL TEST & EVALUATION			.597	1.250		3.620		4.600		106.700	116.767	

Remarks:

MANAGEMENT												
Contractor Eng Sup	VARIOUS	VARIOUS	2.856	1.002	Dec 2006	1.103	Dec 2007	1.303	Dec 2008	9.198	15.461	
Government Eng Sup	WX	VARIOUS	34.241	23.800	Dec 2006	25.977	Dec 2007	28.673	Dec 2008	177.365	290.056	
Program Mgmt Sup	VARIOUS	VARIOUS	12.095	9.565	Dec 2006	10.477	Dec 2007	11.479	Dec 2008	93.606	137.222	
Travel	WX	NAWCAD, PATUXENT RIVER MD	.543	.550	VARIOUS	.580	VARIOUS	.610	VARIOUS	5.177	7.461	
SUBTOTAL MANAGEMENT			49.735	34.917		38.136		42.065		285.346	450.199	

Remarks:

Total Cost			358.718	350.322		417.161		615.999		2,674.389	4,416.590	
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EXHIBIT R4, Schedule Profile																							DATE: February 2007																																					
APPROPRIATION/BUDGET ACTIVITY								PROGRAM ELEMENT NUMBER AND NAME								PROJECT NUMBER AND NAME																																												
RDT&E,N / BA-5								0605212N, CH-53K RDTE								3059, CH-53K Development																																												
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	MS B ◆												DRR ◆												MS C ◆																																			
	System Integration								System Demonstration								LRIP / IOT&E																																											
RDT&E Contract Awards	iSDD ▲		SDD ▲																						LRIP 1 ▲																																			
Engineering Milestones					SRR ◆				SFR ◆				PDR ▽				CDR ▽				FRR ◆				PRR ◆																																			
Logistics Milestones													ILA ▽												ILA ▽																																			
Test & Evaluation Milestones																									FIRST FLIGHT ★				IT-B1 ★				IT-B2 ★				IT-C1 ★				IT-C2 ★																			
																																	ALFT&E (components)				ALFT&E (system)																							
Production Milestones																																					LRIP 1 Production																							
Deliveries																					GTV ◆																								GTV 1				1				1				1			

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Exhibit R-4a, Schedule Detail						DATE: February 2007		
APPROPRIATION/BUDGET ACTIVITY	PROGRAM ELEMENT				PROJECT NUMBER AND NAME			
RDT&E,N / BA-5	0605212N, CH-53K RDTE				3059, CH-53K Development			
Schedule Profile	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Milestone (MS) B	1Q							
System Integration phase	2Q-4Q	1Q-4Q	1Q-4Q	1Q-2Q				
Initial SDD (iSDD) Contract (Kt)	2Q							
System Development/Demonstration (SDD) Kt	3Q							
System Requirements Review (SRR)	3Q							
System Functional Review (SFR)		3Q						
Preliminary Design Review (PDR)			1Q					
Critical Design Review (CDR)				2Q				
Independent Logistics Assessment (ILA)				2Q				
USD(AT&L) Design Readiness Review (DRR)				3Q				
System Demonstration phase				3Q-4Q	1Q-4Q	1Q-4Q	1Q-4Q	1Q
Alternative Live Fire T&E (ALT&E) (Comp.)					1Q-4Q	1Q-4Q	1Q-4Q	
Ground Test Vehicle (GTV) delivery					4Q			
Flight Readiness Review (FRR)						1Q		
Engineering Dev't Model (EDM) #1 delivery						3Q		
Integrated Test & Eval (IT) B1 (IT-B1)						3Q-4Q	1Q-4Q	1Q
EDM #2 delivery						4Q		
EDM #3 delivery							1Q	
First Flight							1Q	
EDM #4 delivery							2Q	
Preproduction Readiness Review (PRR)							4Q	
Independent Logistics Assessment (ILA)							4Q	
Operational Test & Eval (OT) B1 (OT-B1)								1Q
ALFT&E (System)								1Q-4Q
IT-B2								1Q
MS C								1Q
Low-Rate Initial Production (LRIP) phase								2Q-4Q
LRIP 1 Kt Award								2Q
LRIP 1 production								2Q-4Q
IT-C1								2Q-4Q
IT-C2								4Q
OT-C1								4Q