

EXHIBIT R-2, RDT&E Budget Item Justification						DATE:		
APPROPRIATION/BUDGET ACTIVITY						R-1 ITEM NOMENCLATURE		
RESEARCH DEVELOPMENT TEST & EVALUATION, NAVY / BA-5						0604273N, VH-71A Executive Helo Development		
COST (\$ in Millions)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	
Total PE Cost	613.876	225.391*	1,047.835	212.947	34.979	35.556	36.149	
3058 VH-71 Replacement Helo Increment One	613.876	225.391	735.000	177.947	0	0	0	
3065 VH-71 Replacement Helo Increment Two	0	0	312.835	35.000	34.979	35.556	36.149	

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.

3058 Increment One: VH-71 Increment One will provide an initial limited capability to fulfill the immediate Presidential lift requirement. Three (3) test article aircraft, system design and development (SDD) efforts, maintenance trainers, and associated logistics were initiated in 2005 for Increment One. Included in the SDD contract were five (5) Increment One pilot production aircraft to support Initial Operational Capability (IOC). A fatigue test article is procured in FY09 to extend the service life of Increment One aircraft beyond 1500 flight hours. Adjustments will be required for funding beyond FY09 to extend SDD allowing for the completion of Increment One. Funding adjustments will be required in FY10 and beyond to extend SDD allowing for reduced risk associated with schedule and concurrency of development.

3065 - Increment Two: VH-71 Increment Two will be developed to complete all of the Presidential support requirements. Two test articles will be procured in FY09 to accommodate air vehicle structural differences between Increment 1 and 2 (main gear box, drive train, engines, tail unit and main rotor blades). The second test vehicle is being procured instead of modifying one of the Increment 1 test vehicles due to the extent of the air vehicle structural differences. Funding adjustments will be required in FY10 and beyond to extend SDD allowing for reduced risk associated with schedule and concurrency of development.

* FY 2008 execution is augmented by \$465.5M of FY 2007 funds carried over to FY 2008. Total funding planned for execution in FY 2008 is \$690.9M.

B. PROGRAM CHANGE SUMMARY

Funding:	FY 2007	FY 2008	FY 2009
FY 2008 President's Budget:	630.185	270.971	492.214
FY 2009 President's Budget:	613.876	225.391	1,047.835
Total Adjustments	-16.309	-45.580	555.621
Summary of Adjustments			
Congressional Reductions		-40.000	
Congressional Rescissions			
Congressional Undistributed Reductions	-15.603	-5.580	
Congressional Increases			
Economic Assumptions			
Miscellaneous Adjustments	-0.706	0.000	555.621
Subtotal	-16.309	-45.580	555.621

Schedule: FY09 funds were adjusted due to execution associated with concurrency with Increment 1 & Increment 2 development, design, and production.

Technical: Same as Schedule

EXHIBIT R-2a, RDT&E Project Justification						DATE:		
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 Increment One		
COST (\$ in Millions)		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
3058 VH-71 Replacement Helo Increment One		613.876	225.391	735.000	177.947	0	0	0
RDT&E Articles Qty				1				

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 One will provide an initial limited capability to fulfill the immediate Presidential lift requirement. Three (3) test article aircraft, system design and development (SDD) efforts, maintenance trainers, and associated logistics were initiated in 2005 for Increment One. Included in the SDD contract were five (5) Increment One pilot production aircraft to support Initial Operational Capability (IOC). Funding adjustments will be required in FY10 and beyond to extend SDD allowing for reduced risk associated with schedule and concurrency of development.

B. ACCOMPLISHMENTS / PLANNED PROGRAM:

	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	45.431	49.235	33.016
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.

	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	16.144	20.400	13.176
RDT&E Articles Qty			

Test and Evaluation of test article aircraft, pilot production aircraft, and SDD assets, including Live Fire Test and Evaluation.

	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	552.301	155.756	688.808
RDT&E Articles Qty			1

Contract award for initial test article aircraft, fatigue test article, long-lead pilot production aircraft efforts, System Design and Development (SDD) work efforts, low-rate initial production, and support of training systems efforts including but not limited to, aircrew / pilot trainers, training curriculum, and requisite training support.

C. OTHER PROGRAM FUNDING SUMMARY:

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total Cost
Accomplishments / Effort / Sub-total Cost	552.301	155.756	688.808						
RDT&E Articles Qty			1						

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. FY09 funds were adjusted due to Increment Two execution associated with concurrency with Increment One development, design, and production.

Exhibit R-3 Cost Analysis (page 1)										DATE: February 2008		
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 Increment One						
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	1,331.193	535.382	Nov 2006	155.756	Nov 2007	682.000	Nov 2008	TBD	TBD	TBD
Systems Eng	WX	NAWCAD, PATUXENT RIVER MD	2.349	3.490	Nov 2006	4.300	Nov 2007	.500	Nov 2008	TBD	TBD	TBD
Training Development	C-CPAF	LOCKHEED MARTIN CORP, OWEGO, NY		4.989	Nov 2006					TBD	TBD	TBD
Training Development	WX	NAWCAD, PATUXENT RIVER MD		11.930	Nov 2006					TBD	TBD	TBD
Training Development	TBD	TBD						29.975	Nov 2008	TBD	TBD	TBD
SUBTOTAL PRODUCT DEVELOPMENT			1,333.542	555.791		160.056		712.475		TBD	TBD	

Remarks:

SUPPORT												
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
Develop Support Equip	VARIOUS	VARIOUS	19.473	1.682	Jan 2007	2.950	Jan 2008	.200	Jan 2009	TBD	TBD	
Integrated Logistics Sup	WX	NADEP, CHERRY POINT NC	1.053	1.059	Nov 2006	2.100	Nov 2007	.250	Nov 2008	TBD	TBD	
Integrated Logistics Sup	WX	NAWCAD, LAKEHURST NJ	1.179	3.845	Nov 2006	3.700	Nov 2007	.500	Nov 2008	TBD	TBD	
Integrated Logistics Sup	WX	NAWCAD, PATUXENT RIVER MD	.463	6.274	Nov 2006			.750	Nov 2008	TBD	TBD	
Integrated Logistics Sup	VARIOUS	VARIOUS	10.754	.123	Nov 2006	5.050	Nov 2007	.300	Nov 2008	TBD	TBD	
Studies & Analyses	C-FPP	LOCKHEED MARTIN CORP, OWEGO, NY	87.423								87.423	87.423
Studies & Analyses	C-FPP	SIKORSKY, AIRCRAFT, CT	87.422								87.422	87.422
Studies & Analyses	WX	NAWCAD, PATUXENT RIVER, MD	2.180								TBD	
SUBTOTAL SUPPORT			209.947	12.983		13.800		2.000		TBD	TBD	

Remarks:

TEST & EVALUATION												
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
Dev Test & Eval	WX	NAWCAD, PATUXENT RIVER MD	.398	11.194	Nov 2006	9.400	Nov 2007	10.400	Nov 2008	TBD	TBD	
Dev Test & Eval	VARIOUS	VARIOUS	18.836	.543	Nov 2006	6.000	Nov 2007	1.500	Nov 2008	TBD	TBD	
Live Fire Test & Eval	WX	NAWCWD, CHINA LAKE CA	6.059	4.408	Nov 2006	5.000	Nov 2007	5.100	Nov 2008	TBD	TBD	
SUBTOTAL TEST & EVALUATION			25.293	16.145		20.400		17.000		TBD	TBD	

Remarks:

MANAGEMENT												
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
Contractor Eng Sup	VARIOUS	VARIOUS	7.823	1.432	Dec 2006	.634	Dec 2007	.613	Dec 2008	TBD	TBD	
Government Eng Sup	WX	NAWCAD, PATUXENT RIVER MD	39.081	13.450	Nov 2006	13.066	Nov 2007	1.250	Nov 2008	TBD	TBD	
Government Eng Sup	VARIOUS	VARIOUS	1.055	1.160	Dec 2006	2.700	Dec 2007	.300	Dec 2008	TBD	TBD	
Program Mgmt Sup	WX	NAWCAD, PATUXENT RIVER MD	4.166	12.158	Nov 2006	8.764	Nov 2007	1.000	Nov 2008	TBD	TBD	
Program Mgmt Sup	VARIOUS	VARIOUS	23.380	.421	Dec 2006	5.236	Dec 2007	.250	Dec 2008	TBD	TBD	
Transportation	VARIOUS	NAVAIR, PAXTUXENT RIVER MD	.004	.020	Nov 2006	.010	Nov 2007	.012	Nov 2008	TBD	TBD	
Travel	VARIOUS	NAVAIR, PAXTUXENT RIVER MD	1.467	.316	Oct 2006	.725	Oct 2007	.100	Oct 2008	TBD	TBD	
SUBTOTAL MANAGEMENT			76.976	28.957		31.135		3.525		TBD	TBD	

Remarks:

Total Cost			1,645.758	613.876		225.391		735.000		TBD	TBD	
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CLASSIFICATION:																												
EXHIBIT R4, Schedule Profile																								DATE:				
																								February 2008				
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 Increment One												
Fiscal Year	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
Acquisition Milestones																												<p>The program is in the process of reassessing the VH-71 program. Assessment recommendations will be forwarded to adjust, as required, fiscal years beyond FY09 during the FY10 budget process.</p>
RDT&E Contract Awards																												
SDD Design & Development																												
Test Aircraft Build (3 a/c)																												
Deliveries (3 a/c)																												
Pilot Production Build (5 a/c)																												
Deliveries (5 a/c)																												
Test & Evaluation Milestones																												
Integrated Test Program Increment 1																												
Trainers																												

CLASSIFICATION:							
Exhibit R-4a, Schedule Detail					DATE: February 2008		
APPROPRIATION/BUDGET ACTIVITY	PROGRAM ELEMENT			PROJECT NUMBER AND NAME			
RDT&E, N / BA-5	0604273N, VH-71A Executive Helo Developm			3058, VH-71 Replacement Helo Increment One			
Schedule Profile	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
SDD Design and Development	1Q-4Q	1Q-4Q	1Q-4Q	The program is in the process of reassessing the VH-71 program. Assessment recommendations will be forwarded to adjust, as required, fiscal years beyond FY09 during the FY10 budget process.			
Test Aircraft Build (3 a/c)	1Q-4Q	1Q-4Q	1Q-4Q				
Increment 1 Test Aircraft Delivery		1Q	1Q				
Pilot Production Build (5 a/c)	1Q-4Q	1Q-4Q	1Q				
Pilot Production Deliveries			3Q-4Q				
Integrated Test Program (Increment 1)	1Q-4Q	1Q-4Q	1Q-4Q				
Pilot / Maintenance Trainers	4Q	1Q-4Q	1Q-4Q				

EXHIBIT R-2a, RDT&E Project Justification							DATE:	
APPROPRIATION/BUDGET ACTIVITY			PROGRAM ELEMENT NUMBER AND NAME			PROJECT NUMBER AND NAME		
RDT&E,N / BA-5			0604273N, VH-71A Executive Helo Development			3065, VH-71 Replacement Helo Increment Two		
COST (\$ in Millions)			FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
3065 VH-71 Replacement Helo Increment Two			0	0	312.835	35.000	34.979	35.556
RDT&E Articles Qty					2			

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 Two will be developed to complete all of the Presidential support requirements. Two test articles will be procured in FY09 to accommodate air vehicle structural differences between Increment One and Two (main gear box, drive train, engines, tail unit and main rotor blades). The second test vehicle is being procured instead of modifying one of the Increment One test vehicles due to the extent of the air vehicle structural differences. Funding adjustments will be required in FY10 and beyond to extend SDD allowing for reduced risk associated with schedule and concurrency of development.

B. ACCOMPLISHMENTS / PLANNED PROGRAM:

	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	0	0	48.100
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.

	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	0	0	4.600
RDT&E Articles Qty			

Test and Evaluation of test article aircraft, pilot production aircraft, and SDD assets, including Live Fire Test and Evaluation.

	FY 2007	FY 2008	FY 2009
Accomplishments / Effort / Sub-total Cost	0	0	260.135
RDT&E Articles Qty			2

Contract award for initial test article aircraft, System Design and Development (SDD) work efforts, low-rate initial production, and support of training systems efforts including but not limited to, aircrew / pilot trainers, training curriculum, and requisite training support.

C. OTHER PROGRAM FUNDING SUMMARY:	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total Cost
045500; VH-71A				371.708	408.845	416.671	424.584	696.780	2,318.588
060510; VH-71A Spares				83.238	49.250	47.069	51.526	138.329	369.412

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. FY09 funds were adjusted due to Increment Two execution associated with concurrency with Increment One development, design, and production.

Exhibit R-3 Cost Analysis (page 1)										DATE: February 2008		
APPROPRIATION/BUDGET ACTIVITY		PROGRAM ELEMENT				PROJECT NUMBER AND NAME						
RDT&E,N / BA-5		0604273N, VH-71A Executive Helo Development				3065 VH-71 Replacement Helo Increment Two						
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						244.010	Nov 2008	TBD	TBD	TBD
Systems Eng	WX	NAWCAD, PATUXENT RIVER MD						2.000	Nov 2008	TBD	TBD	TBD
Training Development	TBD	TBD						16.125	Nov 2008	TBD	TBD	TBD
SUBTOTAL PRODUCT DEVELOPMENT								262.135		TBD	TBD	TBD

Remarks:

SUPPORT												
Develop Support Equip	VARIOUS	VARIOUS						3.750	Jan 2009	TBD	TBD	TBD
Integrated Logistics Sup	WX	NADEP, CHERRY POINT NC						1.950	Nov 2008	TBD	TBD	TBD
Integrated Logistics Sup	WX	NAWCAD, LAKEHURST NJ						3.400	Nov 2008	TBD	TBD	TBD
Integrated Logistics Sup	WX	NAWCAD, PATUXENT RIVER MD						5.300	Nov 2008	TBD	TBD	TBD
Integrated Logistics Sup	VARIOUS	VARIOUS						.800	Nov 2008	TBD	TBD	TBD
SUBTOTAL SUPPORT								15.200		TBD	TBD	TBD

Remarks:

TEST & EVALUATION												
Dev Test & Eval	WX	NAWCAD, PATUXENT RIVER MD						3.000	Nov 2008	TBD	TBD	TBD
Dev Test & Eval	VARIOUS	VARIOUS						1.600	Nov 2008	TBD	TBD	TBD
Live Fire Test & Eval	WX	NAWCWD, CHINA LAKE CA								TBD	TBD	TBD
SUBTOTAL TEST & EVALUATION								4.600		TBD	TBD	TBD

Remarks:

MANAGEMENT												
Contractor Eng Sup	VARIOUS	VARIOUS						.960	Dec 2008	TBD	TBD	TBD
Government Eng Sup	WX	NAWCAD, PATUXENT RIVER MD						11.400	Nov 2008	TBD	TBD	TBD
Government Eng Sup	VARIOUS	VARIOUS						3.400	Dec 2008	TBD	TBD	TBD
Program Mgmt Sup	WX	NAWCAD, PATUXENT RIVER MD						10.232	Nov 2008	TBD	TBD	TBD
Program Mgmt Sup	VARIOUS	VARIOUS						4.456	Dec 2008	TBD	TBD	TBD
Transportation	VARIOUS	NAVAIR, PAXTUXENT RIVER MD						.008	Nov 2008	TBD	TBD	TBD
Travel	VARIOUS	NAVAIR, PAXTUXENT RIVER MD						.444	Oct 2008	TBD	TBD	TBD
SUBTOTAL MANAGEMENT								30.900		TBD	TBD	TBD

Remarks:

Total Cost								312.835		TBD	TBD	TBD
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CLASSIFICATION:																															
EXHIBIT R4, Schedule Profile																								DATE:							
																								February 2008							
APPROPRIATION/BUDGET ACTIVITY								PROGRAM ELEMENT NUMBER AND NAME												PROJECT NUMBER AND NAME											
RDTE&E, N / BA-5								0604273N, VH-71A Executive Helo Development												3065, VH-71 Replacement Helo Increment Two											
Fiscal Year	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			
Acquisition Milestones								<p>The program is in the process of reassessing the VH-71 program. Assessment recommendations will be forwarded to adjust, as required, fiscal years beyond FY09 during the FY10 budget process.</p>																							
SDD Design & Development																												Increment 2			
Test Aircraft Build (2 a/c)																												Increment 2			

CLASSIFICATION:							
Exhibit R-4a, Schedule Detail					DATE: February 2008		
APPROPRIATION/BUDGET ACTIVITY RDT&E, N / BA-5	PROGRAM ELEMENT 0604273N, VH-71A Executive Helo Developm			PROJECT NUMBER AND NAME 3065, VH-71 Replacement Helo Increment Two			
Schedule Profile	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
SDD Design and Development			1Q-4Q	The program is in the process of reassessing the VH-71 program. Assessment recommendations will be forwarded to adjust, as required, fiscal years beyond FY09 during the FY10 budget process.			
Test Aircraft Build (2 a/c)			1Q-4Q				