

UNCLASSIFIED

PE NUMBER: 0605221F

PE TITLE: KC-X, Next Generation Aerial Refueling Aircraft

Exhibit R-2, RDT&E Budget Item Justification	DATE May 2009
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BUDGET ACTIVITY 05 System Development and Demonstration (SDD)	PE NUMBER AND TITLE 0605221F KC-X, Next Generation Aerial Refueling Aircraft
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Cost (\$ in Millions)	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate	Cost to Complete	Total
Total Program Element (PE) Cost	0.000	22.938	439.615	0.000	0.000	0.000	0.000	0.000	Continuing	TBD
5271 KC-X RDT&E	0.000	22.938	439.615	0.000	0.000	0.000	0.000	0.000	Continuing	TBD

The Air Force is preparing for a second competition as a result of the SECDEF's termination announcement of the initial KC-X competition on 10 Sep 08. The program schedule and the budget request presented in these documents represent a notional KC-X program. Any required restructuring of the funding will occur after contract award to align the dollars with the Milestone B approved baseline.

The FY05 Appropriations Bill established a \$100M Tanker Replacement Transfer Fund (TRTF). \$10.2M was used by the Air Force in FY05. The FY08 Appropriations Bill reduced \$50M in RDT&E, and moved an additional \$150M of FY08 RDT&E into the TRTF -- \$239.8M remained in the TRTF as of 4thQ FY08. The FY09 Appropriations Bill rescinded the entire balance of the TRTF.

In FY09, KC-X RDT&E efforts were transferred from PE 0401221F, KC-135 Replacement Tanker, 4927, KC-135 Replacement Tanker, in order to move funds to the correct Budget Activity (BA) to correctly represent the scope of the KC-X Program.

(U) A. Mission Description and Budget Item Justification

To recapitalize the aging KC-135 fleet of aerial refueling aircraft, the Air Force considered data from an Analysis of Alternatives (AoA), along with industry input that was provided in response to both a Request for Information and two draft Requests for Proposal. Based on this information, the Air Force concluded that a strategy of full and open competition to select a commercial derivative replacement tanker aircraft would result in a best value tanker contract. The resulting KC-X source selection culminated in a 29 Feb 08 contract award to Northrop Grumman to develop and produce a tanker based on the A330-200. On 13 Mar 08, the Air Force issued a stop-work order to that contract in response to a protest filed by Boeing. On 18 Jun 08, the GAO sustained portions of that protest. On 10 Sep 08, SECDEF announced termination the KC-X competition. The Air Force is preparing for a second competition. On 6 Apr 09, SECDEF announced the KC-X schedule and funding will be maintained with intent to solicit bids in summer of 2009.

The Air Force needs to replace its aging KC-135 tankers, which have an average age of 48 years. Replacement of the legacy fleet will take place in three stages, known as the KC-X, the KC-Y, and the KC-Z. The initial KC-X increment will replace roughly one-third of the current capability with the purchase of 179 aircraft. 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 redeployment 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 to perform missions in chemical and biological environments; 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 will have necessary battle space awareness to mitigate survivability threats.

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0605221F KC-X, Next Generation Aerial Refueling Aircraft

The KC-X development effort will also procure the necessary ground and flight test assets to support developmental/operational test. The program plans to procure four RDT&E aircraft for integration and demonstration of capability that will ultimately be operationally fielded after a successful operational test phase. In addition both aircrew and maintenance Training System Requirements Analyses (TSRA) will be conducted to determine training requirements. Aircrew and Maintenance training systems will be developed and procured via a future trainer-specific source selection, using KC-X funding. A Business Case Analysis will also be conducted to determine if the engines for the production aircraft will be Government Furnished or Contractor Furnished. Initial training and support efforts will be provided via Interim Contractor Support (ICS).

KC-X funding will also support various studies and analyses including support of the international Aerial Refueling Systems and Advisory Group (ARSAG), five power Future Technology and Aerial Refueling (FTAR) project, and KC-Y/KC-Z planning activities.

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

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
(U) Previous President's Budget	0.000	831.759	450.152
(U) Current PBR/President's Budget	0.000	22.938	439.615
(U) Total Adjustments	0.000	-808.821	
(U) Congressional Program Reductions		-808.759	
Congressional Rescissions		-0.062	
Congressional Increases			
Reprogrammings			
SBIR/STTR Transfer			

(U) **Significant Program Changes:**

The Air Force is preparing for a second competition as a result of the SECDEF's termination announcement of the initial KC-X competition on 10 Sep 08. The program schedule and the budget request presented in these documents represent a notional KC-X program. Any required restructuring of the funding will occur after contract award to align the dollars with the Milestone B approved baseline.

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In FY09, KC-X RDT&E efforts were transferred from PE 0401221F, KC-135 Replacement Tanker, 4927, KC-135 Replacement Tanker, in order to move funds to the correct Budget Activity (BA) to correctly represent the scope of the KC-X Program.

Exhibit R-2a, RDT&E Project Justification	DATE May 2009
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BUDGET ACTIVITY 05 System Development and Demonstration (SDD)	PE NUMBER AND TITLE 0605221F KC-X, Next Generation Aerial Refueling Aircraft	PROJECT NUMBER AND TITLE 5271 KC-X RDT&E
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Cost (\$ in Millions)	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate	FY 2014 Estimate	FY 2015 Estimate	Cost to Complete	Total
5271 KC-X RDT&E	0.000	22.938	439.615	0.000	0.000	0.000	0.000	0.000	Continuing	TBD
Quantity of RDT&E Articles	0	0	0	0	0	0	0	0		

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(U) A. Mission Description and Budget Item Justification

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Exhibit R-2a, RDT&E Project Justification

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BUDGET ACTIVITY 05 System Development and Demonstration (SDD)	PE NUMBER AND TITLE 0605221F KC-X, Next Generation Aerial Refueling Aircraft	PROJECT NUMBER AND TITLE 5271 KC-X RDT&E
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(U) B. Accomplishments/Planned Program (\$ in Millions)	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
(U) Non-recurring engineering, RDT&E tanker aircraft and support		0.000	414.605
(U) Trainer Development		0.000	0.632
(U) Government Test		0.433	6.202
(U) Studies		2.010	2.150
(U) Mission Support		20.495	16.026
(U) Total Cost	0.000	22.938	439.615

(U) C. Other Program Funding Summary (\$ in Millions)	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>Cost to</u>	<u>Total Cost</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Complete</u>							
(U) Aircraft Procurement, BP10	0.000	0.000	0.000						Continuing	TBD
(U) MILCON	0.000	0.000	0.000						Continuing	TBD
(U) O & M	1.047	0.591	16.051						Continuing	TBD

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(U) D. Acquisition Strategy
The Air Force is preparing for a second competition as a result of the SECDEF's termination announcement of the initial KC-X competition on 10 Sep 08. The program schedule and the budget request presented in these documents represent a notional KC-X program. Any required restructuring of the funding will occur after contract award to align the dollars with the Milestone B approved baseline.

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Exhibit R-3, RDT&E Project Cost Analysis

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<u>(U) Cost Categories</u> (Tailor to WBS, or System/Item Requirements) (\$ in Millions)	<u>Contract Method & Type</u>	<u>Performing Activity & Location</u>	<u>Total Prior to FY 2008 Cost</u>	<u>FY 2008 Cost</u>	<u>FY 2008 Award Date</u>	<u>FY 2009 Cost</u>	<u>FY 2009 Award Date</u>	<u>FY 2010 Cost</u>	<u>FY 2010 Award Date</u>	<u>Cost to Complete</u>	<u>Total Cost</u>	<u>Target Value of Contract</u>
<u>(U) Product Development</u> Non-recurring, RDT&E tanker aircraft and support	TBD	Aerospace manufacturer TBD				0.000		414.605		Continuing	TBD	
Subtotal Product Development			0.000	0.000		0.000		414.605		Continuing	TBD	0.000
Remarks:												
<u>(U) Support</u> Studies and Analysis	TBD	ASC/EN/XR, AFVB, Edwards, AFMSS, RAND, ARSAG, FTAR, Eglin, trainers, support contractors				2.010		2.150		Continuing	TBD	
Subtotal Support			0.000	0.000		2.010		2.150		Continuing	TBD	0.000
Remarks:												
<u>(U) Test & Evaluation</u> Test and Planning	TBD	AFFTC, AFOTEC, Edwards AFB, Survivac, Live Fire, JITC, Seek Eagle				0.433		6.202		Continuing	TBD	
Subtotal Test & Evaluation			0.000	0.000		0.433		6.202		Continuing	TBD	0.000
Remarks:												
<u>(U) Management</u> 836 Aeronautical Systems Group	n/a	836 AESG, Wright Patterson AFB				20.495		16.026		Continuing	TBD	
Subtotal Management			0.000	0.000		20.495		16.026		Continuing	TBD	0.000
Remarks:												
<u>(U) AF WH, Omnibus, Other Sources</u> Air Force withhold, Omnibus, Other Sources	n/a					0.000		0.000		Continuing	TBD	
Subtotal AF WH, Omnibus, Other Sources			0.000	0.000		0.000		0.000		Continuing	TBD	0.000
Remarks:												
<u>(U) Trainer Development</u>												

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Exhibit R-3 (PE 0605221F)

Project 5271

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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		
05 System Development and Demonstration (SDD)				0605221F KC-X, Next Generation Aerial Refueling Aircraft			5271 KC-X RDT&E		
Trainer Development	TBD	Trainer manufacturer TBD	0.000	0.000	0.000	0.632	Continuing	TBD	
Subtotal Trainer Development			0.000	0.000	0.000	0.632	Continuing	TBD	0.000
Remarks:									
(U) Total Cost			0.000	0.000	22.938	439.615	Continuing	TBD	0.000

Exhibit R-4, RDT&E Schedule Profile

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05 System Development and Demonstration (SDD)

PE NUMBER AND TITLE
0605221F KC-X, Next Generation
Aerial Refueling Aircraft

PROJECT NUMBER AND TITLE
5271 KC-X RDT&E



U.S. AIR FORCE



KC-X Notional Schedule

Dominant Air Power: Design For Tomorrow... Deliver Today

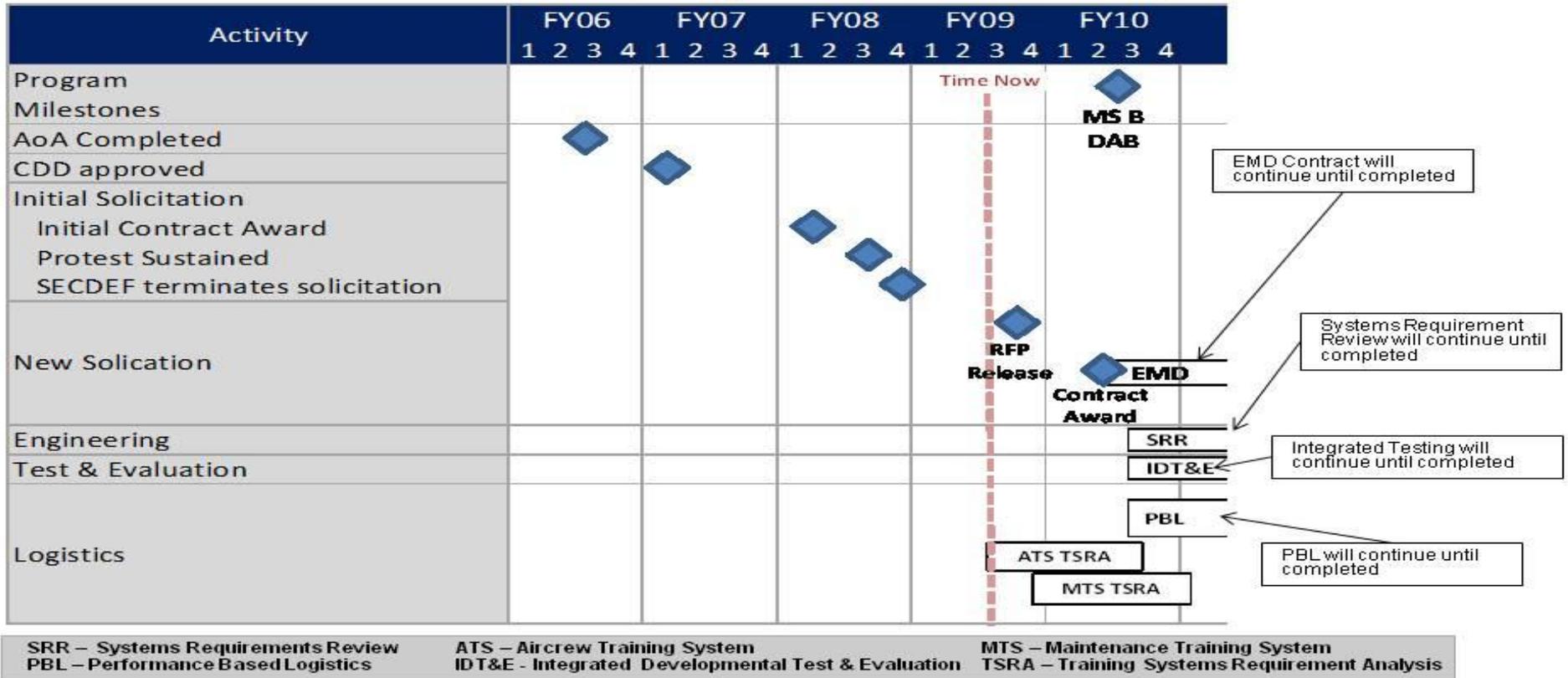


Exhibit R-4a, RDT&E Schedule Detail

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0605221F KC-X, Next Generation
Aerial Refueling Aircraft

PROJECT NUMBER AND TITLE

5271 KC-X RDT&E

(U) **Schedule Profile**

FY 2008

FY 2009

FY 2010

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

2-4Q

(U) Trainer Development

2-4Q

(U) Government Test

1-4Q

1-4Q

(U) Studies

1-4Q

1-4Q

(U) Mission Support

1-4Q

1-4Q

In FY09, KC-X RDT&E efforts were transferred from PE 0401221F, KC-135 Replacement Tanker, 4927, KC-135 Replacement Tanker, in order to move funds to the correct Budget Activity (BA) to correctly represent the scope of the KC-X Program.