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<b>Exhibit R-2, RDT&amp;E Budget Item Justification:</b> PB 2013 Navy	<b>DATE:</b> February 2012
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APPROPRIATION/BUDGET ACTIVITY				R-1 ITEM NOMENCLATURE							
1319: <i>Research, Development, Test &amp; Evaluation, Navy</i> BA 5: <i>Development &amp; Demonstration (SDD)</i>				PE 0604273N: <i>VH-71 Executive Helo Development</i>							
COST (\$ in Millions)	FY 2011	FY 2012	FY 2013 Base	FY 2013 OCO	FY 2013 Total	FY 2014	FY 2015	FY 2016	FY 2017	Cost To Complete	Total Cost
Total Program Element	147.268	60.751	61.163	-	61.163	94.537	369.826	635.289	687.722	Continuing	Continuing
3058: <i>VH-71 Replacement Helo</i>	91.491	-	-	-	-	-	-	-	-	0.000	91.491
3300: <i>Presidential Helicopter VXX</i>	55.777	60.751	61.163	-	61.163	94.537	369.826	635.289	687.722	Continuing	Continuing

**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. Currently two Type, Model, Series aircraft are used by HMX-1 for the Presidential support mission - the VH-3D and the VH-60N. The VH-71 program was 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 were to be developed. Increment 1 was to provide an initial limited capability to fulfill the immediate need Presidential lift requirement. Three (3) test article aircraft, System Design and Development efforts (SDD), maintenance trainers, and associated logistics were initiated in 2005 for Increment 1. Included in the SDD contract were five (5) Increment 1 pilot production aircraft to support Initial Operational Capability. Increment 2 was to be developed to complete all of the Presidential support requirements. Two test articles were to 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 was to be procured instead of pursuing the planned modifications to one of the Increment 1 test vehicles due to the extent of the air vehicle structural differences. Due to increased cost and schedule growth the Secretary of Defense and Under Secretary of Defense (Acquisition, Technology and Logistics)'s USD (AT&L) directed cancellation of the VH-71 program. The VH-71 contract was cancelled in its entirety for the convenience of the Government on 1 June 2009. The VH-71 FY11 funding will be utilized to support the execution of the Secretary of Defense and USD (AT&L) decision to cancel the VH-71 program. The VXX is a follow-on program for the VH-71. An Acquisition Strategy for the VXX program is being established. Funding includes pre-Milestone (MS) B risk reduction activities, capability based assessments, Concept of Operations development, Analysis of Alternatives, specification development, system concept development, threat analysis, will cost/should cost strategies, establishing affordability targets, and recommended cost control measures in support of the FY10 Material Development Decision. Following a successful MS B decision and entrance into the Engineering and Manufacturing Development Phase, activities will focus on the integration of systems, production and qualification of test articles, demonstrate system integration, interoperability, safety and utility.

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<b>APPROPRIATION/BUDGET ACTIVITY</b> 1319: <i>Research, Development, Test &amp; Evaluation, Navy</i> BA 5: <i>Development &amp; Demonstration (SDD)</i>	<b>R-1 ITEM NOMENCLATURE</b> PE 0604273N: <i>VH-71 Executive Helo Development</i>
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<b>B. Program Change Summary (\$ in Millions)</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013 Base</b>	<b>FY 2013 OCO</b>	<b>FY 2013 Total</b>
Previous President's Budget	159.785	180.070	393.044	-	393.044
Current President's Budget	147.268	60.751	61.163	-	61.163
Total Adjustments	-12.517	-119.319	-331.881	-	-331.881
• Congressional General Reductions	-	-0.019			
• Congressional Directed Reductions	-	-119.300			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-8.038	-			
• SBIR/STTR Transfer	-3.587	-			
• Program Adjustments	-	-	-332.042	-	-332.042
• Rate/Misc Adjustments	-	-	0.161	-	0.161
• Congressional General Reductions Adjustments	-0.892	-	-	-	-

**Change Summary Explanation**

Technical: Not applicable.

Schedule: The new direction of the acquisition strategy has changed significantly for the VXX schedule and changes are reflected in the new exhibit.

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Exhibit R-2A, RDT&E Project Justification: PB 2013 Navy									DATE: February 2012		
APPROPRIATION/BUDGET ACTIVITY 1319: Research, Development, Test & Evaluation, Navy BA 5: Development & Demonstration (SDD)				R-1 ITEM NOMENCLATURE PE 0604273N: VH-71 Executive Helo Development				PROJECT 3058: VH-71 Replacement Helo			
COST (\$ in Millions)	FY 2011	FY 2012	FY 2013 Base	FY 2013 OCO	FY 2013 Total	FY 2014	FY 2015	FY 2016	FY 2017	Cost To Complete	Total Cost
3058: VH-71 Replacement Helo	91.491	-	-	-	-	-	-	-	-	0.000	91.491
Quantity of RDT&E Articles	0	0	0	0	0	0	0	0	0		
Note The VH-71 program was cancelled on 1 June 2009.											
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. Currently two Type, Model, Series aircraft are used by HMX-1 for the Presidential support mission - the VH-3D and the VH-60N. The VH-71 program was 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 were to be developed. Increment 1 was to provide an initial limited capability to fulfill the immediate need 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 1. Included in the SDD contract were five (5) Increment 1 pilot production aircraft to support Initial Operational Capability. Due to increased cost and schedule growth the Secretary of Defense and Under Secretary of Defense (Acquisition, Technology and Logistics) USD (AT&L) directed cancellation of the current VH-71 program. The VH-71 contract was cancelled in its entirety for the convenience of the government on 1 June 2009. The Termination Proposal was received in the 3rd QTR of FY10. The reduction of FY10 funding for termination liability requires utilizing the identified FY11 funding for the negotiation and eventual settlement of the termination proposal. FY11 funding was utilized to support the execution of the Secretary of Defense and USD (AT&L)'s decision to cancel the VH-71 program.											
B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)								FY 2011	FY 2012	FY 2013	
Title: Program Management and Support  Articles:  FY 2011 Accomplishments: Funding covered the Secretary of Defense and USD (AT&L)'s decision to cancel the current VH-71 program. Efforts included, but are not limited to, government integrated logistics support, program management support, systems engineering support, technical pubs, and travel for VH-71 program in support of the termination.								3.258 0	-	-	
Title: Product Development  Articles:  FY 2011 Accomplishments:								88.233 0	-	-	

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<b>Exhibit R-2A, RDT&amp;E Project Justification:</b> PB 2013 Navy		<b>DATE:</b> February 2012	
<b>APPROPRIATION/BUDGET ACTIVITY</b> 1319: <i>Research, Development, Test &amp; Evaluation, Navy</i> BA 5: <i>Development &amp; Demonstration (SDD)</i>	<b>R-1 ITEM NOMENCLATURE</b> PE 0604273N: <i>VH-71 Executive Helo Development</i>	<b>PROJECT</b> 3058: <i>VH-71 Replacement Helo</i>	
<b>B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)</b>		<b>FY 2011</b>	<b>FY 2012</b>
Funding covered termination costs of the contract based on the Secretary of Defense and USD (AT&L)'s decision to cancel the current VH-71 program. Lockheed Martin Corp Termination Proposal was received in the 3rd Quarter of FY10.			
<b>Accomplishments/Planned Programs Subtotals</b>		91.491	-
<b>C. Other Program Funding Summary (\$ in Millions)</b> N/A			
<b>D. Acquisition Strategy</b> The VH-71 program was designated an Acquisition Category ID program. The program received Milestone B/C approval from Under Secretary of Defense (Acquisition, Technology and Logistics) USD (AT&L) on 27 January 2005 and subsequently awarded a System Design and Development (SDD) contract to Lockheed Martin on 28 January 2005. The Secretary of Defense and USD (AT&L) directed cancellation of the VH-71 program due to increased cost and schedule growth. The program was cancelled on 1 June 2009.			
<b>E. Performance Metrics</b> The VH-71 program was cancelled on 1 June 2009.			

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Exhibit R-2A, RDT&E Project Justification: PB 2013 Navy								DATE: February 2012			
APPROPRIATION/BUDGET ACTIVITY 1319: Research, Development, Test & Evaluation, Navy BA 5: Development & Demonstration (SDD)				R-1 ITEM NOMENCLATURE PE 0604273N: VH-71 Executive Helo Development				PROJECT 3300: Presidential Helicopter VXX			
COST (\$ in Millions)	FY 2011	FY 2012	FY 2013 Base	FY 2013 OCO	FY 2013 Total	FY 2014	FY 2015	FY 2016	FY 2017	Cost To Complete	Total Cost
3300: Presidential Helicopter VXX	55.777	60.751	61.163	-	61.163	94.537	369.826	635.289	687.722	Continuing	Continuing
Quantity of RDT&E Articles	0	0	0	0	0	0	0	0	0		
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. Currently two Type, Model, Series aircraft are used by HMX-1 for the Presidential support mission - the VH-3D and the VH-60N. The VXX Executive Helicopter Replacement Program will replace the VH-3D and VH-60N. An acquisition strategy for the VXX program is being established. Funding includes pre-Milestone (MS) B risk reduction activities, capability based assessments, Concept of Operations development, Analysis of Alternatives (AoA) guidance development, specification development, system concept development, threat analysis, will cost/should cost strategies, establishing affordability targets, and recommended cost control measures in support of the FY10 Material Development Decision. Following a successful MS B decision and entrance into the Engineering and Manufacturing Development Phase, activities will focus on the integration of systems, production and qualification of test articles, demonstrate system integration, interoperability, safety and utility.											
B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)								FY 2011	FY 2012	FY 2013	
Title: Program Management and Support  Articles:  FY 2011 Accomplishments: Completed MS A activities. Upon completion of the AoA, and entrance into the Technology Development Phase funded activities of the proposed material solutions included: reducing technology risk, determining and maturing the appropriate set of technologies, and demonstrated technology on prototypes.  FY 2012 Plans: Continue the funded activities of the proposed material solutions, including: reducing technology risk, determining and maturing the appropriate set of technologies, and to demonstrate technology on prototypes.  FY 2013 Plans: Prepare for the Engineering and Manufacturing Development Phase funded activities of the proposed material solutions, including: reducing technology risk, determining and maturing the appropriate set of technologies, and to demonstrate technology on prototypes.								22.604	30.568	27.520	
								0	0	0	
Title: Test and Evaluation								2.286	3.500	3.700	
Articles:  FY 2011 Accomplishments:								0	0	0	

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<b>Exhibit R-2A, RDT&amp;E Project Justification:</b> PB 2013 Navy		<b>DATE:</b> February 2012	
<b>APPROPRIATION/BUDGET ACTIVITY</b> 1319: <i>Research, Development, Test &amp; Evaluation, Navy</i> BA 5: <i>Development &amp; Demonstration (SDD)</i>	<b>R-1 ITEM NOMENCLATURE</b> PE 0604273N: <i>VH-71 Executive Helo Development</i>	<b>PROJECT</b> 3300: <i>Presidential Helicopter VXX</i>	
<b>B. Accomplishments/Planned Programs (\$ in Millions, Article Quantities in Each)</b>		<b>FY 2011</b>	<b>FY 2012</b>
Supported VXX initial test and evaluation planning and documentation.			
<b>FY 2012 Plans:</b> Support VXX test and evaluation planning and documentation.			
<b>FY 2013 Plans:</b> Support VXX test and evaluation planning and documentation.			
<b>Title:</b> Product Development			
<b>Articles:</b>		30.887 0	26.683 0
<b>FY 2011 Accomplishments:</b> Provided Government and Contractor VXX systems engineering support to accomplish technical activities to include trade studies, risk reduction, and early Technology Development phase activities. Provided Government VXX program management support.			29.943 0
<b>FY 2012 Plans:</b> Provides Government VXX systems engineering support to accomplish technical activities to include trade studies and risk reduction activities. Provides Government VXX program management support.			
<b>FY 2013 Plans:</b> Provides Government VXX systems engineering support to accomplish technical activities to include trade studies and risk reduction activities. Provides Government VXX program management support. Preparation and release of Engineering and Manufacturing Development Request for Proposal.			
<b>Accomplishments/Planned Programs Subtotals</b>		55.777	60.751
<b>C. Other Program Funding Summary (\$ in Millions)</b> N/A			
<b>D. Acquisition Strategy</b> The Acquisition Strategy will be provided and approved in support of the Milestone (MS) B decision. An estimated date for MS B is first quarter FY 2014. The VXX program continues to pursue risk reduction activities, capability based assessments, Concept of Operations development, trade study analysis, specification development, system concept development, threat analysis, will cost/should cost strategies, establishing affordability targets, and recommended cost control measures.			
<b>E. Performance Metrics</b> Major Defense Acquisition Program performance metrics will be provided upon program Acquisition Category designation.			

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Exhibit R-3, RDT&E Project Cost Analysis: PB 2013 Navy											DATE: February 2012			
APPROPRIATION/BUDGET ACTIVITY 1319: Research, Development, Test & Evaluation, Navy BA 5: Development & Demonstration (SDD)				R-1 ITEM NOMENCLATURE PE 0604273N: VH-71 Executive Helo Development				PROJECT 3300: Presidential Helicopter VXX						
Product Development (\$ in Millions)				FY 2012		FY 2013 Base		FY 2013 OCO		FY 2013 Total				
Cost Category Item	Contract Method & Type	Performing Activity & Location	Total Prior Years Cost	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract	
Primary HW Dev	TBD	TBD:TBD	28.345	23.756	Feb 2012	25.419	Jan 2013	-		25.419	Continuing	Continuing	Continuing	
Systems Engineering	WR	NAWCAD:Patuxent River, MD	4.012	2.827	Dec 2011	4.424	Nov 2012	-		4.424	Continuing	Continuing	Continuing	
Training Support	WR	NAWCAD:Patuxent River, MD	0.116	0.100	Dec 2011	0.100	Nov 2012	-		0.100	Continuing	Continuing	Continuing	
Subtotal			32.473	26.683		29.943		-		29.943				
Support (\$ in Millions)				FY 2012		FY 2013 Base		FY 2013 OCO		FY 2013 Total				
Cost Category Item	Contract Method & Type	Performing Activity & Location	Total Prior Years Cost	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract	
Integrated Logistics Support	WR	NAWCAD:Patuxent River, MD	4.381	4.455	Dec 2011	4.450	Nov 2012	-		4.450	Continuing	Continuing	Continuing	
Integrated Logistics Support	WR	FRC:Cherry Point, NC	0.692	0.580	Dec 2011	0.590	Nov 2012	-		0.590	Continuing	Continuing	Continuing	
Integrated Logistics Support	WR	NAWCAD:Lakehurst, NJ	0.227	0.169	Dec 2011	0.170	Nov 2012	-		0.170	Continuing	Continuing	Continuing	
Integrated Logistics Support	Various	Various:Various	2.400	-		-		-		-	Continuing	Continuing	Continuing	
Studies and Analysis	WR	NAWCAD:Patuxent River, MD	3.781	0.157	Dec 2011	-		-		-	Continuing	Continuing	Continuing	
Studies and Analysis	FFRDC	Various:Various	1.245	0.100	Dec 2011	-		-		-	0.000	1.345	1.345	
Subtotal			12.726	5.461		5.210		-		5.210				
Test and Evaluation (\$ in Millions)				FY 2012		FY 2013 Base		FY 2013 OCO		FY 2013 Total				
Cost Category Item	Contract Method & Type	Performing Activity & Location	Total Prior Years Cost	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract	
Development Test & Evaluation	WR	NAWCAD:Patuxent River, MD	2.440	2.200	Dec 2011	2.300	Nov 2012	-		2.300	Continuing	Continuing	Continuing	
Live Fire Test & Evaluation	WR	NAWCWD:China Lake, CA	1.200	1.300	Dec 2011	1.400	Nov 2012	-		1.400	Continuing	Continuing	Continuing	

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Exhibit R-3, RDT&E Project Cost Analysis: PB 2013 Navy											DATE: February 2012			
APPROPRIATION/BUDGET ACTIVITY 1319: Research, Development, Test & Evaluation, Navy BA 5: Development & Demonstration (SDD)				R-1 ITEM NOMENCLATURE PE 0604273N: VH-71 Executive Helo Development				PROJECT 3300: Presidential Helicopter VXX						
Test and Evaluation (\$ in Millions)				FY 2012		FY 2013 Base		FY 2013 OCO		FY 2013 Total				
Cost Category Item	Contract Method & Type	Performing Activity & Location	Total Prior Years Cost	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract	
Subtotal			3.640	3.500		3.700		-		3.700				
Management Services (\$ in Millions)				FY 2012		FY 2013 Base		FY 2013 OCO		FY 2013 Total				
Cost Category Item	Contract Method & Type	Performing Activity & Location	Total Prior Years Cost	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract	
Contractor Engineering Support	Various	Various:Various	0.713	0.809	Dec 2011	0.820	Nov 2012	-		0.820	Continuing	Continuing	Continuing	
Government Engineering Support	WR	NAWCAD:Patuxent River, MD	10.600	9.492	Nov 2011	8.100	Nov 2012	-		8.100	Continuing	Continuing	Continuing	
Training Support	WR	NAWCTSD:Orlando, FL	0.297	0.158	Dec 2011	0.170	Nov 2012	-		0.170	Continuing	Continuing	Continuing	
Program Management Support	WR	NAWCAD:Patuxent River, MD	20.838	14.428	Dec 2011	13.000	Nov 2012	-		13.000	Continuing	Continuing	Continuing	
Transportation	Various	NAVAIR:Patuxent River, MD	0.050	0.020	Oct 2011	0.020	Oct 2012	-		0.020	Continuing	Continuing	Continuing	
Travel	Various	NAVAIR:Patuxent River, MD	0.056	0.200	Oct 2011	0.200	Oct 2012	-		0.200	Continuing	Continuing	Continuing	
Subtotal			32.554	25.107		22.310		-		22.310				
			Total Prior Years Cost	FY 2012		FY 2013 Base		FY 2013 OCO		FY 2013 Total	Cost To Complete	Total Cost	Target Value of Contract	
Project Cost Totals			81.393	60.751		61.163		-		61.163				
Remarks														



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Exhibit R-4, RDT&E Schedule Profile: PB 2013 Navy		DATE: February 2012
APPROPRIATION/BUDGET ACTIVITY 1319: <i>Research, Development, Test &amp; Evaluation, Navy</i> BA 5: <i>Development &amp; Demonstration (SDD)</i>	R-1 ITEM NOMENCLATURE PE 0604273N: <i>VH-71 Executive Helo Development</i>	PROJECT 3300: <i>Presidential Helicopter VXX</i>

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<b>Exhibit R-4A, RDT&amp;E Schedule Details:</b> PB 2013 Navy			<b>DATE:</b> February 2012
<b>APPROPRIATION/BUDGET ACTIVITY</b> 1319: <i>Research, Development, Test &amp; Evaluation, Navy</i> BA 5: <i>Development &amp; Demonstration (SDD)</i>	<b>R-1 ITEM NOMENCLATURE</b> PE 0604273N: <i>VH-71 Executive Helo Development</i>	<b>PROJECT</b> 3300: <i>Presidential Helicopter VXX</i>	

Schedule Details

Events by Sub Project	Start		End	
	Quarter	Year	Quarter	Year
<b><i>Presidential Helicopter VXX</i></b>				
Acquisition Milestones: MS B	1	2014	1	2014
Systems Development: CONOPS Development	1	2012	2	2013
Systems Development: Hardware Development: EMD Award	3	2014	3	2014
Systems Development: Hardware Development: Comms, Cockpit, and Adv Cap Engineering	1	2012	4	2013
Systems Development: Hardware Development: Engineering & Manufacturing Development RFP	1	2012	4	2013
Systems Development: Reviews: Analysis of Alternatives	1	2011	2	2012
Test & Evaluation: Test Planning and Documentation	1	2012	4	2013