

CLASSIFICATION:

**UNCLASSIFIED**

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| BUDGET ITEM JUSTIFICATION SHEET<br><b>P-40</b> |  |  |  |  |  |  | DATE:<br><b>FEBRUARY 2004</b> |  |  |  |  |
|--|--|--|--|--|--|--|-------------------------------|--|--|--|--|

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| APPROPRIATION/BUDGET ACTIVITY<br><b>Aircraft Procurement, Navy/ Combat Aircraft, (BA-1)</b> |  |  |  |  |  | P-1 ITEM NOMENCLATURE<br><b>F/A-18E/F ADVANCE PROCUREMENT (MYP)</b> |  |  |  |  |  |
|---|--|--|--|--|--|---|--|--|--|--|--|

|  |  |  |  |  |  |   |  |  |  |  |  |
|--|--|--|--|--|--|---|--|--|--|--|--|
| Program Element for Code B items:<br><b>0204136N</b> |  |  |  |  |  | Other Related Program Elements<br><b>0305207N, 0604270N, 0604269N</b> |  |  |  |  |  |
|--|--|--|--|--|--|---|--|--|--|--|--|

|                       | Prior Years        | ID Code  | FY 2003         | FY 2004         | FY 2005         | FY 2006         | FY 2007         | FY 2008         | FY 2009         | To Complete     | Total              |
|-----------------------|--------------------|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|
| COST<br>(In Millions) | <b>\$1,014.112</b> | <b>A</b> | <b>\$85.478</b> | <b>\$84.136</b> | <b>\$78.306</b> | <b>\$66.105</b> | <b>\$52.788</b> | <b>\$44.249</b> | <b>\$50.534</b> | <b>\$24.179</b> | <b>\$1,499.887</b> |

DESCRIPTION:

The F/A-18E/F Naval Strike Fighter is a twin-engine, mid-wing, multi-mission tactical aircraft. F/A-18E/F can be missionized through selected use of external equipment to accomplish specific fighter or attack missions. This capability allows the Operational Commander more flexibility in employing his tactical aircraft in a dynamic scenario. The primary design mission for the F/A-18E/F is a strike fighter which includes the traditional applications, such as fighter escort and fleet air defense, combined with the attack applications, such as interdiction and close air support. Since the same airframe systems are used on attack missions as well as fighter missions, excellent fighter and self defense capability is retained.

In the FY 2004 President's Budget, this budget line item included both F/A-18E/F and EA-18G aircraft procurement, to include a combined multiyear procurement request for FY 2005-2009 aircraft. With this budget, procurement of F/A-18E/F and EA-18G have been separated into this budget line and a separate line item titled "EA-18G".

BASIS FOR FY 2005 BUDGET REQUEST:

Funding is requested to procure 42 F/A-18E/F aircraft in FY 2005. This is the first year of a planned five year (FY 2005-2009) multiyear procurement (MYP) and is based on an aircraft quantity of 210, which includes 154 F/A-18E/Fs in FY 2005-2009 and 56 EA-18Gs in FY 2006-2009 (not reflected in this budget line). This MYP contract is structured at 42 aircraft per year with a variation in quantity of up to an additional 6 and is projected to yield savings/cost avoidance of \$1.052B (10.95%) over a single year procurement strategy. The advanced procurement request is strictly related to long lead time items included in the subsequent year's procurement and does not include Economic Order Quantity (EOQ) funding to support the second multiyear.

FY 2005 is also the fourth year of a planned five year (FY02-06) engine MYP, which does not include EOQ funding.

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| Exhibit P-10 Advance Procurement Requirements Analysis<br>(Page 1 - Funding)  |      |          |             |                               | Date:<br><b>FEBRUARY 2004</b>  |         |  |         |         |         |             |         |
| Appropriation (Treas) Code/CC/BA/BSA/Item Control Number<br><b>Aircraft Procurement, Navy/APN-1, Fighter/Attack Aircraft</b>  |      |          |             |                               | P-1 Line Item Nomenclature<br><b>F/A-18E/F ADVANCE PROCUREMENT (MYP)</b> |         |  |         |         |         |             |         |
| Weapon System<br><b>F/A-18E/F</b>   |      |          |             | First System (BY1) Award Date |  |         | Interval between Systems<br><b>1 1/2 Weeks</b> |         |         |         |             |         |
| (\$ in Millions)  |      |          |             |                               |  |         |  |         |         |         |             |         |
|   | PLT  | When Rqd | Prior Years | FY 2003                       | FY 2004  | FY 2005 | FY 2006  | FY 2007 | FY 2008 | FY 2009 | To Complete | Total   |
| End Item Qty  |      |          | 185         | 45                            | 42   | 42      | 38   | 30      | 24      | 20      | 36          | 462     |
| CFE- Airframe T.L.  | 35   |          | 536.8       |                               | 66.5   | 61.3    | 51.9   | 41.4    | 34.6    | 39.6    | 19.1        | 851.3   |
| EOQ/Long lead   |      |          |             |                               |  |         |  |         |         |         |             |         |
| FOR FY 2000   |      |          |             |                               |  |         |  |         |         |         |             | 0.0     |
| FOR FY 2001 Long Lead   |      |          | 70.0        |                               |  |         |  |         |         |         |             | 70.0    |
| FOR FY 2001 EOQ   |      |          | 16.5        |                               |  |         |  |         |         |         |             | 16.5    |
| FOR FY 2002 Long Lead   |      |          | 74.7        |                               |  |         |  |         |         |         |             | 74.7    |
| FOR FY 2002 EOQ   |      |          | 22.2        |                               |  |         |  |         |         |         |             | 22.2    |
| FOR FY 2003 Long Lead   |      |          | 68.5        |                               |  |         |  |         |         |         |             | 68.5    |
| FOR FY 2003 EOQ   |      |          | 22.2        |                               |  |         |  |         |         |         |             | 22.2    |
| FOR FY 2004 Long Lead   |      |          |             | 67.8                          |  |         |  |         |         |         |             | 67.8    |
| FOR FY 2004 EOQ   |      |          | 22.2        |                               |  |         |  |         |         |         |             | 22.2    |
| TOTAL EOQ/Long Lead   | Var. | Var.     | 296.3       | 67.8                          | 0.0  | 0.0     | 0.0  | 0.0     | 0.0     | 0.0     | 0.0         | 364.1   |
| GFE - F414 Eng.- T.L.   | 24   |          | 173.8       | 17.2                          | 17.3   | 16.0    | 13.5   | 10.7    | 9.0     | 10.0    | 4.8         | 272.3   |
| GFE - Other   | Var. | Var.     | 7.2         | 0.5                           | 0.4  | 1.0     | 0.7  | 0.6     | 0.6     | 1.0     | 0.3         | 12.2    |
| <b>Total AP</b>   |      |          | 1014.1      | 85.5                          | 84.1   | 78.3    | 66.1   | 52.8    | 44.2    | 50.5    | 24.2        | 1,499.9 |
| Description:  |      |          |             |                               |  |         |  |         |         |         |             |         |
| NARRATIVE DESCRIPTION:<br>This line item funds EOQ requirements for the first airframe MYP (FY00-04) and long-lead requirements for the F/A-18E/F production program. Airframe /CFE and engine requirements are calculated on a termination liability basis through 31 October of the following fiscal year, reflecting the contractor's funding requirements for the procurement of long-lead parts and material necessary to protect the delivery schedule. Other Government Furnished Equipment (GFE) requirements are determined on a fully loaded basis, procuring the long-lead quantity needed to protect the production schedule. |      |          |             |                               |  |         |  |         |         |         |             |         |

|   |                               |
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| Exhibit P-10 Advance Procurement Requirements Analysis<br>(Page 2 - Budget Justification) | Date:<br><b>FEBRUARY 2004</b> |
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|   |                                   |  |
|---|-----------------------------------|--|
| Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number<br><b>Aircraft Procurement, Navy/APN-1, Fighter/Attack Aircraft</b> | Weapon System<br><b>F/A-18E/F</b> | P-1 Line Item Nomenclature<br><b>F/A-18E/F ADVANCE PROCUREMENT (MYP)</b> |
|---|-----------------------------------|--|

(TOA, \$ in Millions)

|                     | PLT  | QPA  | Unit Cost | FY 2004 for<br>FY 2005 Qty | FY 2004 Contract<br>Forecast Date | FY 2004<br>Total Cost<br>Request | FY 2005 for<br>FY 2006 Qty | FY 2005 Contract<br>Forecast Date | FY 2005 Total<br>Cost Request |
|---------------------|------|------|-----------|----------------------------|-----------------------------------|----------------------------------|----------------------------|-----------------------------------|-------------------------------|
| End Item            |      | N/A  |           |                            |                                   | N/A                              |                            |                                   |                               |
| Long Lead-Airframe  | 35   |      | N.A.      | MYP                        | Nov-03                            | 66.5                             | T.L.                       | Nov-04                            | 61.3                          |
| GFE - Engine - T.L. | 24   |      | N.A.      | T.L.                       | Jun-04                            | 17.3                             | T.L.                       | Jun-05                            | 16.0                          |
| GFE - Other         | Var. | Var. | N.A.      | Var.                       | Var.                              | 0.4                              | Var.                       | Var.                              | 1.0                           |
|                     |      |      |           |                            |                                   |                                  |                            |                                   |                               |
|                     |      |      |           |                            |                                   |                                  |                            |                                   |                               |
|                     |      |      |           |                            |                                   |                                  |                            |                                   |                               |
| <b>Total AP</b>     |      |      |           |                            |                                   | 84.1                             |                            |                                   | 78.3                          |

Description: