

Exhibit P-40, BUDGET ITEM JUSTIFICATION							DATE: February 2004				
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/APN-5 Aircraft Modifications							P-1 ITEM NOMENCLATURE Trainer Aircraft Modification				
Program Element for Code B Items:							Other Related Program Elements				
	Prior Years	ID Code	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total
QTY											
COST (In Millions)	17.5	A	3.2	10.4	14.0	14.0	13.5	10.5		29.0	112.1
<p>This line item funds modifications to a group of trainer aircraft which includes T-34C, T-39, T-44A, TH-57, T-38, TC-12, and T-2C. The trainer aircraft are described as follows: The T-34C is a single engine turbo-prop, multi-seat aircraft produced by Beech Aircraft used to simulate jet aircraft flight; the T-39 is a dual-engine, multi-purpose aircraft used to train undergraduate flight officers; the T-44 is a twin-engine, multi-seat aircraft produced by Beech Aircraft used to simulate operation of twin engine aircraft, specifically the P-3; the TH-57 and TH-6 are a single-engine, multi-seat rotary wing aircraft used for helicopter training. The T-38 is a two seat twin-engine supersonic jet aircraft utilized by the US Navy Test Pilot School to train pilots, test flight officers, and test engines.</p> <p>The overall goal of the modification is to maintain safe and reliable operation of the trainer aircraft through the timely installation of necessary changes. The specific modifications budgeted and programmed are:</p>											
(TOA, \$ in Millions)											
<u>OSIP No.</u>	<u>Description</u>	<u>Prior Years</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>To Complete</u>	<u>Total</u>
05-00	T-39 UMFOTS UPGRADE	11.0	0.2	0.6							11.7
28-00	T-39 WING REPLACEMENT	6.6	3.0	0.6						8.4	18.5
05-04	T-44 AVIONICS OBSOLESCENCE			6.3	6.6	7.9	7.7	5.4			33.9
15-04	T-38 A/C CONVERSION			2.9	6.0	6.1	5.7	5.1		20.5	46.3
03-05	T-44 OXYGEN MASK/BRAKE REPLACEMENT				1.4						1.4
06-05	TRAINER LEGACY A/C FAA				0.1	0.1	0.1	0.1		0.1	0.3
	Total	17.5	3.2	10.4	14.0	14.0	13.5	10.5		29.0	112.1
Note: Totals may not add due to rounding.											

Exhibit P-3a Individual Modification

MODIFICATION TITLE: UMFOTS Upgrade (OSIP 05-00)

MODELS OF SYSTEMS AFFECTED: T-39N and T-39G Aircraft and Ground Based Training System (GBTS) TYPE MODIFICATION: Conversion/Safety

DESCRIPTION/JUSTIFICATION: The block upgrade to the Undergraduate Military Flight Officer Training System (UMFOTS) is needed to enable the system to continue training and improve safety of flight. This block upgrade consists of the following aircraft improvements: radar array upgrade (to be incorporated into 17 T-39Ns and 1 CT-38G), incorporation of GPS into 16 T-39N aircraft, incorporation of an Emergency Locator Transmitter (ELT) into the 8 T-39G aircraft, and incorporation of the Traffic Alert and Collision Avoidance System (TCAS II) into 17 T-39N and 8 T-39G aircraft. OPNAV approved the incorporation of the TCAS system which provides the capability for the T-39 aircraft to avoid mid-air collision. This system consists of a processor, transponder, indicator, control head, TCAS antenna top and bottom, and transponder antenna top and bottom. The incorporation of GPS into the T-39N aircraft complies with minimum FAA requirements for future U.S. airways operation. The GPS kit consists of a computer, antenna, wiring, and mounting hardware. GPS prototype was accomplished under separate modification with funds from PMA187. There are 17 T-39N in the fleet and 8 T-39Gs.

DEVELOPMENT STATUS/MAJOR DEVELOPMENT MILESTONES: The components of this block upgrade will be COTS as turnkey items.

FINANCIAL PLAN: (TOA, \$ in Millions)

	Prior Years		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY2009		To Complete		Total		
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	
RDT&E																					
PROCUREMENT																					
Installation Kits																					
A Kit	14	1.5	2	0.2																	
B Kit	17	1.7			1	0.6															
C Kit	8	0.2																			
D Kit	25	7.3																			
Installation Kits N/R																					
Installation Equipment																					
XXX Equip																					
Installation Equipment N/R																					
Engineering Change Orders																					
XXX Kit ECO XXX																					
XXX Equip ECO XXX																					
Data																					
Training Equipment																					
Support Equipment																					
ILS																					
Other Support		0.3																			
Interim Contractor Support																					
Installation Cost	64		2		1																
Total Procurement		11.0		0.2		0.6															

Notes:

1. Totals may not add due to rounding
2. Asterisk indicates amount less than \$50K

Exhibit P-3a

MODELS OF SYSTEMS AFFECTED: T-39N,T-39G and Ground Based Training System MODIFICATION TITLE: UMFOTS Upgrade (05-00)

INSTALLATION INFORMATION:

METHOD OF IMPLEMENTATION: Concurrent with ACI or Drop-in at CLS Depot Facility

ADMINISTRATIVE LEADTIME: 1 Months PRODUCTION LEADTIME: 1 Months

CONTRACT DATES: FY 2003: Nov-02 FY 2004: Nov-03 FY 2005: _____

DELIVERY DATE: FY 2003: Dec-02 FY 2004: Dec-03 FY 2005: _____

(\$ in Millions)

Cost:	Prior Years		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY 2009		To Complete		TOTAL		
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	
FY 2002 & PY (64) kits	64																				
FY 2003 (2) kits			2																		
FY 2004 (1) kits					1																
FY 2005 () kits																					
FY 2006 () kits																					
FY 2007 () kits																					
FY 2008 () kits																					
FY 2009 () kits																					
To Complete () kits																					
TOTAL	64		2		1																

Installation Schedule

	FY 2002 & Prior	FY 2003				FY 2004				FY 2005				FY 2006				FY 2007				
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
In	64	1	1			1																
Out	64	1	1			1																

	FY 2007				FY 2009				To Complete	TOTAL
	1	2	3	4	1	2	3	4		
In										
Out										

Exhibit P-3a Individual Modification

MODIFICATION TITLE: T-39 Wing Replacement (OSIP 28-00)

MODELS OF SYSTEMS AFFECTED: T-39N, T-39G TYPE MODIFICATION: Safety

DESCRIPTION/JUSTIFICATION: The T-39 Aircraft is a commercial off-the-shelf aircraft utilized for training Undergraduate Military Flight Officers. The aircraft was structurally reinforced and a Supplemental Type Certificate (STC) was issued to allow the aircraft to fly within the operational envelope. The wings are rapidly approaching expiration of their fatigue life. Wing replacement is mandatory to avoid safety of flight issues. A rotational replacement of wings is required every four years under the existing operational envelope and known data. This modification provides replacement for one rotation with used wings on all 15 T-39 aircraft. This modification also incorporates Fatigue Data Recorders on the wings of 9 of the 15 T-39N aircraft that do not have Recorders already installed. The Fatigue Data Recorders will allow more effective and accurate tracking of the wing fatigue life and help to eliminate a second wing replacement in the future on some of the T-39N aircraft. An additional 8 wings were approved to be installed on the T-39G's, increasing the total number of wings to 23

DEVELOPMENT STATUS/MAJOR DEVELOPMENT MILESTONES: The wings are commercially available, non-developmental items (NDI) and will be installed during ACI by the commercial contractor. The Fatigue Data Recorders are a COTS turnkey procurement.

FINANCIAL PLAN: (TOA, \$ in Millions)

	Prior Years		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY2009		To Complete		Total		
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	
RDT&E																					
PROCUREMENT																					
Installation Kits																					
A Kit	12	3.4	3	1.1																	
B Kit	9	0.5																			
XXX Kit																					
XXX Kit																					
Installation Kits N/R																					
Installation Equipment																					
XXX Equip																					
Installation Equipment N/R																					
Engineering Change Orders																					
XXX Kit ECO XXX				1.1																	
XXX Equip ECO XXX																					
Data		0.1																			
Training Equipment																					
Support Equipment																					
ILS																					
Other Support																					
Interim Contractor Support																					
Installation Cost	15	2.5	8	0.7	1	0.6															
Total Procurement	21	6.6	3	3.0		0.6															

- Notes:
1. Totals may not add due to rounding
 2. Asterisk indicates amount less than \$50K

Exhibit P-3a

MODELS OF SYSTEMS AFFECTED: T-39N, T-39G Aircraft MODIFICATION TITLE: T-39 Wing Replacement (OSIP 28-00)

INSTALLATION INFORMATION:

METHOD OF IMPLEMENTATION: Concurrent with ACI or as a Drop-in Modification at CLS Contractor Depot Facility

ADMINISTRATIVE LEADTIME: 1 Months PRODUCTION LEADTIME: 1 Months

CONTRACT DATES: FY 2003: Nov-02 FY 2004: Nov-03 FY 2005: _____

DELIVERY DATE: FY 2003: Dec-02 FY 2004: Dec-03 FY 2005: _____

(\$ in Millions)

Cost:	Prior Years		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY 2009		To Complete		TOTAL		
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	
FY 2002 & PY (21) kits	15	2.5	6	0.5																	
FY 2003 (3) kits			2	0.2	1	0.6															
FY 2004 () kits																					
FY 2005 () kits																					
FY 2006 () kits																					
FY 2007 () kits																					
FY 2008 () kits																					
FY 2009 () kits																					
To Complete () kits																					
TOTAL	15	2.5	8	0.7	1	0.6															

Installation Schedule

	FY 2002 & Prior	FY 2003				FY 2004				FY 2005				FY 2006							
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4				
In	15	2	2	2	2		1														
Out	15	2	2	2	2		1														

	FY 2007				FY 2008				FY 2009				To Complete	TOTAL
	1	2	3	4	1	2	3	4	1	2	3	4		
In														
Out														

Exhibit P-3a Individual Modification

MODIFICATION TITLE: T-44A Avionics Obsolescence (OSIP 05-04)

MODELS OF SYSTEMS AFFECTED: T-44A TYPE MODIFICATION: Safety

DESCRIPTION/JUSTIFICATION: The T-44A Avionics are becoming non-supportable due to non-availability of parts. The following avionics systems require replacement: NCS-31A Area Navigation/Control System, AP-106 Autopilot, Flight Director and the RDR-130 Weather Radar. Avionics are being returned from the repair vendor Beyond Economical Repair (BER) due to non-availability of parts. Spare units are not available in the commercial market. IMPACT: As avionics become BER due to lack of parts, spares will be depleted. Lack of avionics will ground aircraft and severely degrade CNATRA's ability to meet Pilot Training Requirements beginning in FY04. Current plans call for T-44 to fly its training mission until 2015. There are 55 T-44A in the inventory and all 55 will receive this modification.

DEVELOPMENT STATUS/MAJOR DEVELOPMENT MILESTONES: The T-44 Avionics Obsolescence (OSIP 05-04) to be installed will be a commercially available, Non-Development Item (NDI).

FINANCIAL PLAN: (TOA, \$ in Millions)

	Prior Years		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY2009		To Complete		Total		
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	
RDT&E																					
PROCUREMENT																					
Installation Kits																					
A- Kit							12	5.3													
XXX Kit																					
XXX Kit																					
Installation Kits N/R					3	3.6															
Installation Equipment																					
XXX Equip																					
Installation Equipment N/R																					
Engineering Change Orders																					
XXX Kit ECO XXX																					
XXX Equip ECO XXX																					
Data						0.3															
Training Equipment					5	2.1	2	0.6													
Support Equipment																					
ILS																					
Other Support						0.4															
Interim Contractor Support																					
Installation Cost					3		12	0.7													
Total Procurement						6.3		6.6													

- Notes:
1. Totals may not add due to rounding
 2. Asterisk indicates amount less than \$50K

Exhibit P-3a

MODELS OF SYSTEMS AFFECTED: T-44A MODIFICATION TITLE: T-44A Avionics Obsolescence (OSIP 05-04)

INSTALLATION INFORMATION:

METHOD OF IMPLEMENTATION: Contractor Field Team Modification

ADMINISTRATIVE LEADTIME: 1 Months PRODUCTION LEADTIME: 1 Months

CONTRACT DATES: FY 2003: _____ FY 2004: Nov-03 FY 2005: Nov-04

DELIVERY DATE: FY 2003: _____ FY 2004: Dec-03 FY 2005: Dec-04

(\$ in Millions)

Cost:	Prior Years		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY 2009		To Complete		TOTAL		
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	
FY 2002 & PY () kits																					
FY 2003 () kits																					
FY 2004 () kits					3																
FY 2005 () kits							12	0.7													
FY 2006 () kits																					
FY 2007 () kits																					
FY 2008 () kits																					
FY 2009 () kits																					
To Complete () kits																					
TOTAL					3		12	0.7													

Installation Schedule

	FY 2002 & Prior	FY 2003				FY 2004				FY 2005				FY 2006							
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4				
In					1		1	1	3	3	3	3									
Out						1	1	1	2	4	3	2									

	FY 2007				FY 2008				FY 2009				To Complete	TOTAL
	1	2	3	4	1	2	3	4	1	2	3	4		
In														
Out														

Exhibit P-3a Individual Modification

MODIFICATION TITLE: USNTPS T-38 A-C Conversion (OSIP 15-04)

MODELS OF SYSTEMS AFFECTED: T-38A Supersonic Jet Trainer TYPE MODIFICATION: SAFETY/RELIABILITY

DESCRIPTION/JUSTIFICATION: The T-38A ACFT was introduced into service between 1961 and 1962 and has undergone numerous changes through the years. The Navy has allocated ten aircraft at TPS and relies heavily on the Air Force for engineering and Logistics support. At the close of FY08, the Air Force will have transitioned all of their ACFT to T-38C and the Navy will need to stand up engineering and logistics units for these unique ACFT. Due to the age of the ACFT, O&S costs will increase over the life of the ACFT. The modifications will reduce O&S costs, allow the Navy to continue to utilize engineering and logistics infrastructure of the Air Force, and provide for improved safety of the T-38 aircraft. The Navy plans to utilize the T-38 at USNTPS through 2020 and beyond. Future modifications will include improved wings and ejection seats, currently being developed by the USAF.

DEVELOPMENT STATUS/MAJOR DEVELOPMENT MILESTONES: All components and systems required for this program are being developed and tested by the USAF. No Navy unique operational testing is anticipated under this program.

FINANCIAL PLAN: (TOA, \$ in Millions)

	Prior Years		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY2009		To Complete		Total		
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	
RDT&E																					
PROCUREMENT																					
Installation Kits																					
Ejection Seats																					
Wings																					
AUP Kits					3	1.9	4	4.2													
PMP Kits																					
Installation Kits N/R																					
Installation Equipment																					
Installation Equipment N/R																					
Engineering Change Orders																					
Data						0.2		0.2													
Training Equipment																					
Support Equipment																					
ILS																					
Other Support						0.4		0.3													
Interim Contractor Support																					
Installation Cost																					
Installation AUP					3	0.5	4	1.4													
Installation PMP																					
Total Procurement					3	2.9	4	6.0													

Notes:

1. Totals may not add due to rounding
2. Asterisk indicates amount less than \$50K

Exhibit P-3a

MODELS OF SYSTEMS AFFECTED: T-38 JET TRAINER (OSIP 15-04) MODIFICATION TITLE: AUP

INSTALLATION INFORMATION: DEPOT LEVEL

METHOD OF IMPLEMENTATION: CONCURRENT with PHASE DEPOT MAINTENANCE

ADMINISTRATIVE LEADTIME: 1 Months PRODUCTION LEADTIME: 2 Months

CONTRACT DATES: FY 2003: N/A FY 2004: Nov-03 FY 2005: Nov-04

DELIVERY DATE: FY 2003: N/A FY 2004: Dec-03 FY 2005: Dec-04

(\$ in Millions)

Cost:	Prior Years		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY 2009		To Complete		TOTAL		
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	
FY 2002 & PY () kits																					
FY 2003 () kits																					
FY 2004 () kits					3	0.5															
FY 2005 () kits							4	1.4													
FY 2006 () kits																					
FY 2007 () kits																					
FY 2008 () kits																					
FY 2009 () kits																					
To Complete () kits																					
TOTAL					3	0.5	4	1.4													

Installation Schedule

	FY 2002 & Prior	FY 2003				FY 2004				FY 2005				FY 2006			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
In						1	1	1	1	1	1	1	1				
Out						1	1	1	1	1	1	1	1				

	FY 2007				FY 2008				FY 2009				To Complete	TOTAL
	1	2	3	4	1	2	3	4	1	2	3	4		
In														
Out														

Exhibit P-3a

MODELS OF SYSTEMS AFFECTED: T-38 Jet Trainer MODIFICATION TITLE: PMP

INSTALLATION INFORMATION: **DEPOT LEVEL ***
 * The T-38 is a twin engine aircraft. The PMP upgrade will be accomplished concurrent with Phased Depot Level Maintenance for those engines installed in the aircraft. Spare engines will also receive PMP upgrades in FY 06, FY 08 with the balance of engines to be completed in the outyears. Spare engines are reflected in the following schedule for accounting purposes, however are not to be considered as an "installation" into the A/C.

METHOD OF IMPLEMENTATION: **CONCURRENT with PHASE DEPOT MAINTENANCE**

ADMINISTRATIVE LEADTIME: 1 Months PRODUCTION LEADTIME: 3 Months

CONTRACT DATES: FY 2003: N/A FY 2004: N/A FY 2005: N/A

DELIVERY DATE: FY 2003: N/A FY 2004: N/A FY 2005: N/A

(\$ in Millions)

Cost:	Prior Years		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY 2009		To Complete		TOTAL		
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	
FY 2002 & PY () kits																					
FY 2003 () kits																					
FY 2004 () kits																					
FY 2005 () kits																					
FY 2006 () kits																					
FY 2007 () kits																					
FY 2008 () kits																					
FY 2009 () kits																					
To Complete () kits																					
TOTAL																					

Installation Schedule

FY 2002 & Prior	FY 2003				FY 2004				FY 2005				FY 2006								
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4					
In																					
Out																					

	FY 2007				FY 2008				FY 2009				To Complete	TOTAL
	1	2	3	4	1	2	3	4	1	2	3	4		
In														
Out														

Exhibit P-3a

Exhibit P-3a Individual Modification

MODIFICATION TITLE: T-44A OXYGEN MASK/BRAKE REPLACEMENT (OSIP 03-05)

MODELS OF SYSTEMS AFFECTED: T-44A TYPE MODIFICATION: SAFETY

DESCRIPTION/JUSTIFICATION: DESCRIPTION/JUSTIFICATION: T-44A Brake Assembly. The T-44A has experienced a large number of catastrophic brake failures (sticking/dragging) due to over temping of the brake housing and stator assembly. The OEM revealed insulator material was changed from asbestos to superimide. Lab results state that Superimide insulators contain a high amount of carbon material, which when combined with high humidity and salt air, will accelerate corrosion in the brake housing bore. There are 55 T-44A Inventory and all 55 will receive this modification. T-44A Oxygen Masks. Aviation Hazrep DTG 301751Z APR 02, T-44A Air Crew (AC) crew lost both left and right subpanel, and cockpit lighting. AC started to feel light headed due to altitude. AC went on oxygen but was unable to get headset on with oxygen mask on and selected speaker. The oxygen masks installed in the aircraft are the old style which do not fit properly with the headsets currently in use. (Headsets changed from Telex to David Clark which utilize large ear muffs to reduce engine/aircraft noise and enhance AC communication during normal operation.) C-12/TC-12 platforms are in the process of replacing their oxygen mask with a FAA approved COTS full face type. This mask could be readily used in the T-44A. There are 55 T-44A Inventory and all 55 will receive this modification.

T-44A Brake Assembly. The T-44A has experienced a large number of catastrophic brake failures (sticking/dragging) due to over temping of the brake housing and stator assembly. The OEM revealed insulator material was changed from asbestos to superimide. Lab results state that Superimide insulators contain a high amount of carbon material, which when combined with high humidity and salt air, will accelerate corrosion in the brake housing bore. There are 55 T-44A Inventory and all 55 will receive this modification.

DEVELOPMENT STATUS/MAJOR DEVELOPMENT MILESTONES: The Oxygen Masks and Brakes to be installed will be a commercially available, Non-Development Item (NDI).

FINANCIAL PLAN: (TOA, \$ in Millions)

	Prior Years		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY2009		To Complete		Total		
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	
RDT&E																					
PROCUREMENT																					
Installation Kits																					
Oxygen Mask							52	0.8													
Brake							52	0.2													
Installation Kits N/R																					
Oxygen Mask							3	0.1													
Brake							3	0.1													
Installation Equipment																					
Installation Equipment N/R																					
Engineering Change Orders																					
Data								0.1													
Training Equipment																					
Support Equipment																					
ILS																					
Other Support																					
Interim Contractor Support																					
Installation Cost							104	0.1													
Total Procurement							110	1.4													

Notes:

1. Totals may not add due to rounding
2. Asterisk indicates amount less than \$50K
3. Quantity of 6 stated in FY05 will be installed as turnkey, therefore installation costs are not necessary.

Exhibit P-3a
 MODELS OF SYSTEMS AFFECTED: T-44A MODIFICATION TITLE: T-44A OXYGEN MASK/BRAKE REPLACEMENT (OSIP 03-05)

INSTALLATION INFORMATION:

METHOD OF IMPLEMENTATION: CONTRACTOR FIELD MOD TEAM

ADMINISTRATIVE LEADTIME: 1 Months PRODUCTION LEADTIME: 1 Months

CONTRACT DATES: FY 2003: _____ FY 2004: _____ FY 2005: NOV-04

DELIVERY DATE: FY 2003: _____ FY 2004: _____ FY 2005: DEC-04

(\$ in Millions)

Cost:	Prior Years		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY 2009		To Complete		TOTAL		
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	
FY 2002 & PY () kits																					
FY 2003 () kits																					
FY 2004 () kits																					
FY 2005 (104) kits							104	0.1													
FY 2006 () kits																					
FY 2007 () kits																					
FY 2008 () kits																					
FY 2009 () kits																					
To Complete () kits																					
TOTAL							104	0.1													

Installation Schedule

FY 2002 & Prior	FY 2003				FY 2004				FY 2005				FY 2006								
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4					
In																					
Out										26	26	26	26								

	FY 2007				FY 2008				FY 2009				To Complete	TOTAL
	1	2	3	4	1	2	3	4	1	2	3	4		
In														
Out														

Exhibit P-3a Individual Modification

MODIFICATION TITLE: Trainer Legacy Aircraft, Federal Aviation Administration (FAA) Configuration, Update, and Operational Improvements (OSIP 06-05)

MODELS OF SYSTEMS AFFECTED: TC-12/T-34C/T-44A/T-2C/T-39/TH57 TYPE MODIFICATION: Safety/Reliability/Maintainability

DESCRIPTION/JUSTIFICATION: Federal Aviation Regulations require manufacturers of commercial aircraft and associated systems/subsystems to investigate discrepant conditions, failures, and potential safety problems reported by all operators. The results of these investigations with recommended corrective action are reviewed/approved by the FAA and Navy and provided to all operators as service bulletins. Each service bulletin is a complete technical directive that provides corrective change information or detailed modification instructions. Compliance with many of these FAA bulletins is mandatory to ensure safe, reliable, FAA/Navy certified aircraft and continued flight operations. The Navy must maintain configuration and integrity compatible with FAA certified commercial models by incorporation of applicable service bulletins even when they emerge during the year of execution. The incorporation of certain service bulletins also serves to preclude extensive repairs/repetitive inspections. Crew equipment requirements in accordance with FAA directives and Navy requirements will be incorporated to ensure maximum safety in case of emergency. Specific modifications budgeted in this OSIP include the incorporation of TC-12B, T-34C, T-39G/N, T-44A, T-2C and TH-57B/C FAA Bulletins and Safety of Flight Navy Directives. Specific examples of components that will require modification to conform to FAA bulletins and directives: oxygen masks, brakes, wing wiring, attenuating seats, exceedence warning, flap actuators, UHF/VHF radios, GPS, Mode S Transponder, Traffic Avoidance System, and Landing Gear.

DEVELOPMENT STATUS/MAJOR DEVELOPMENT MILESTONES: Applicable FAA data (Supplemental Type Certificates, Service Bulletins and Airworthiness Directives) is reviewed for possible incorporation on an as required basis. All data is previously approved and verified by the FAA.

FINANCIAL PLAN: (TOA, \$ in Millions)

	Prior Years		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY2009		To Complete		Total		
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	
RDT&E																					
PROCUREMENT																					
Installation Kits																					
T-2C							23	*													
TC-12B							21	*													
T-34C							309	*													
T-39G/N							23	*													
T-44A							55	*													
TH-57B/C							120	*													
Installation Kits N/R																					
Installation Equipment																					
XXX Equip																					
Installation Equipment N/R																					
Engineering Change Orders																					
XXX Kit ECO XXX																					
XXX Equip ECO XXX																					
Data																					
Training Equipment																					
Support Equipment																					
ILS																					
Other Support																					
Interim Contractor Support																					
Total Installation Cost							551	*													
Total Procurement							551	0.1													

- Notes:
 1. Totals may not add due to rounding
 2. Asterisk indicates amount less than \$50K

Exhibit P-3a

MODELS OF SYSTEMS AFFECTED: T-2C/TC-12/T-34C/T-44A/T-39/TH-57 MODIFICATION TITLE: Trainer Legacy Aircraft, Federal Aviation Administration (FAA) Update, and Correction of Deficiencies (OSIP 06-05)

INSTALLATION INFORMATION:

METHOD OF IMPLEMENTATION: Contractor Depot

ADMINISTRATIVE LEADTIME: Various Months PRODUCTION LEADTIME: Various Months

CONTRACT DATES: FY 2003: Various FY 2004: Various FY 2005: Various

DELIVERY DATE: FY 2003: Various FY 2004: Various FY 2005: Various

(\$ in Millions)

Cost:	Prior Years		FY 2003		FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY 2009		To Complete		TOTAL		
	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	Qty	\$	
FY 2002 & PY () kits																					
FY 2003 () kits																					
FY 2004 () kits																					
FY 2005 () kits							551	*													
FY 2006 () kits																					
FY 2007 () kits																					
FY 2008 () kits																					
FY 2009 () kits																					
To Complete () kits																					
TOTAL							551	*													

Installation Schedule

	FY 2002 & Prior	FY 2003				FY 2004				FY 2005				FY 2006				FY 2007			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
In										137	137	137	140								
Out										137	137	137	140								

	FY 2008				FY 2009				To Complete	TOTAL
	1	2	3	4	1	2	3	4		
In										
Out										