

Exhibit P-40, BUDGET ITEM JUSTIFICATION					DATE: February 2004						
APPROPRIATION/BUDGET ACTIVITY Aircraft Procurement, Navy/APN-5 Aircraft Modifications				P-1 ITEM NOMENCLATURE C-2A(R) Series 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	Complete	To Total
QTY											
COST (In Millions)	173.0	A	28.8	35.1	29.6	28.4	25.7	26.1	19.6	49.3	415.6
<p>This line item funds modifications to 36 C-2A(R) aircraft. The C-2A(R) Greyhound is a high wing monoplane, twin engine turbo-prop aircraft capable of operating from both a shore base and all operational USN aircraft carrier classes. The mission of the C-2A(R) is to provide rapid response Carrier Onboard Delivery (COD) of fleet essential supplies, repair parts, and personnel to sustain at sea operations of deployed battle groups. In addition, the C-2A(R) provides airdrop delivery and mobilization support for special operations forces from land bases and carriers. The overall goal of the modifications in FY 2004 is to continue initial procurement efforts for the C-2A(R) Service Life Extension Program (SLEP). The design service life of the C-2A(R) is 10,000 flight hours with 15,000 landings. The service life remaining on the aircraft is 4,000 flight hours with 4,800 landings.</p>											
(TOA, \$ in Millions)											
OSIP No.	Description	*Prior Years	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Complete	To Total
24-94	C-2A SLEP	173.0	28.8	35.1	29.6	28.4	25.7	26.1	19.6	49.3	415.6
	DERF (Non-Add)	1.7									1.7
	Total	173.0	28.8	35.1	29.6	28.4	25.7	26.1	19.6	49.3	415.6
<p>Note: Totals may not add due to rounding. * For non-add Defense Emergency Response Funds (DERF) was received in FY02 in the amount of \$1.7M in subhead 4A04 to procure qty (2) rewire kits. Funding has been obligated as of 25 March 2002. ** For DERF received in FY02 as part of subhead Y5C2 : \$3M was received to procure and install 1 structure kit and 2 Interim AFC kits.</p>											

Exhibit P-3a		Individual Modification																			
MODIFICATION TITLE:		C-2A(R) Blk Upgrade/Service Life Extension Program (OSIP 24-94)																			
MODELS OF SYSTEMS AFFECTED:		C-2A(R) Aircraft									TYPE MODIFICATION: SAFETY/SLEP										
DESCRIPTION/JUSTIFICATION:		<p>In accordance with ORD 352-88-94 the C-2A(R) Block Upgrade/SLEP will permit extended operations of the total active inventory of 36 aircraft providing the Navy's Carrier Onboard Delivery (COD) beyond its current projected service life. It will also provide for the installation of avionics systems required to improve performance and preclude obsolescence during the extended life of this critical Fleet asset. One C-2A(R) has reached 100% of fatigue life in FY00 and over three quarters of the aircraft will be grounded by CY09. This OSIP will ensure that the impact on COD operations is minimized. Usage analyses under a Full Scale Fatigue Test shows that airframe structural life including that of Outer Wing Panels (OWPs) will be less than designed life. This OSIP will provide for OWP structural Airframe Change (AFC) enhancements. In addition to the service life structural changes, this upgrade will replace and/or install systems and components (L-Probe/VSI, CAINS II, ARC-210 radios, full face O2 mask, and aircraft wiring) which are documented deficiencies as noted in the final C-2A(R) INSURV report. It is planned that the CAINS II modification will be installed on an accelerated basis in advance of the other SLEP changes. FY00 has been increased by \$6.0K by Congress in support of the new 8 blade propeller. N88 funded the procurement and the installation of the 8 blade propeller beginning in FY 2002. Incorporation of the NP2000 will eliminate the top three readiness degraders and one of the highest AVDLR cost components on the C-2A. The new Interim AFC requirement in FY01 was directed by the resource sponsor(N88). Based on results of the Full Scale Fatigue Test, it was determined that the C-2(R) would fall 5 aircraft below the designated Primary Aircraft Authorization(PAA) of 29 aircraft. The Interim AFC mod will change the engine nacelle, wingfold rib, injections ports and horizontal slab of five (5) aircraft to satisfy the PAA. This OSIP includes \$1.7M in FY02 DERF funding to procure two rewire kits. Install funding increase from FY03 to FY04 is driven by a change in the mix of kits being installed on the aircraft. Rewire Program endured technical difficulties; therefore, the program moved 2 years. Procurement of new kits start in FY06</p> <p>DEVELOPMENT STATUS/MAJOR DEVELOPMENT MILESTONES: Development and operational testing (DT and OT) have been completed for the avionics systems included in this OSIP. DT and OT of the various modifications for the SLEP systems in the C-2A(R) began in FY 1997 and will complete in FY 2005. The Congressional plus-up in FY 2000 for the new 8 blade propeller will provide a program flying analyses, propeller system design, an engine structural load fatigue analysis, and a control system analysis by late FY03.</p>																			
FINANCIAL PLAN: (TOA, \$ in Millions)																					
	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	\$	
RDT&E																					
PROCUREMENT																					
Installation Kits																					
L-Probe Kit	36	0.3																			
CAINS II A Kit	36	2.3																			
ARC-210 Kit	18	1.5	9	0.7	8	0.8															
Rewire Kit	4	4.6	4	3.6																	
DERF Rewire Kit	2	1.7																			
Structure Kit	4	1.7	4	1.7	4	1.7	4	1.8													
DERF Structure Kit	1	0.4																			
O2 Mask Kit																					
Interim AFC	5	0.3																			
Interim AFC - DERF	2	0.1																			
Enhanced OWP Kit	4	10.8																			
OWP Enhancement Kit	22	5.0	10	2.4	7	1.9	10	2.4													
OWP Conversion Kit	17	2.5	2	0.3																	
NP-2000			2	1.3	4	2.2	5	3.9													
Installation Kits N/R		19.0		3.6		3.1		3.2													
Installation Equipment CAINS II	50	6.1																			
Installation Equipment N/R		4.2																			
Engineering Change Orders																					
Data		9.3		0.5																	
Training Equipment		4.4		0.4		1.7															
Support Equipment		0.8		0.4		0.5															
ILS		4.2		0.4		1.1		0.7													
Other Support		79.8		6.5		9.4		4.8													
Interim Contractor Support																					
Installation Cost	111	15.7	23	7.1	23	12.7	29	12.8													
Total Procurement		174.7		28.8		35.1		29.6													

Notes:

- Totals may not add due to rounding
- Enhanced OWP Kit and OWP Conversion Kit installed by fleet.
- Defense Emergency Response Funds (DERF) funding was received in FY02 in the amount of \$1.7M to procure qty (2) rewire kits. Funding has been obligated as of 25 March 2002.
- 4 of the 26 installation quantities for FY 02 were funded with DERF.

Exhibit P-3a

MODELS OF SYSTEMS AFFECTED: C-2A(R) MODIFICATION TITLE: Block Upgrade/SLEP (OSIP 24-94) - ARC-210 Radios

INSTALLATION INFORMATION:

METHOD OF IMPLEMENTATION: Navy Field Modification Team (FMT)

ADMINISTRATIVE LEADTIME: 3 Months PRODUCTION LEADTIME: 9 Months

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

DELIVERY DATE: FY 2003: Oct-03 FY 2004: Oct-04 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 (18) kits	7	0.5	10	0.7			1	0.1											18	1.3
FY 2003 (9) kits					9	0.7													9	0.7
FY 2004 (8) kits							8	0.6											8	0.6
FY 2005 () kits																				
FY 2006 () kits																				
FY 2007 () kits																				
FY 2008 () kits																				
FY 2009 () kits																				
To Complete () kits																				
TOTAL	7	0.5	10	0.7	9	0.7	9	0.7											35	2.6

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	8	10			5	4			4	4										
Out	7	10			5	4			5	4										

	FY 2007				FY 2008				FY 2009				To Complete	TOTAL	
	1	2	3	4	1	2	3	4	1	2	3	4			
In															35
Out															35

Exhibit P-3a

MODELS OF SYSTEMS AFFECTED: C-2A(R) MODIFICATION TITLE: Block Upgrade/SLEP (OSIP 24-94) - Structures

INSTALLATION INFORMATION:

METHOD OF IMPLEMENTATION: Current w/SLM

ADMINISTRATIVE LEADTIME: 1 Months PRODUCTION LEADTIME: 14 Months

CONTRACT DATES: FY 2003: Oct-02 FY 2004: Oct-03 FY 2005: Oct-04

DELIVERY DATE: FY 2003: Dec-03 FY 2004: Dec-04 FY 2005: Dec-05

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 (4) kits *	2	3.7	2	3.8																	
FY 2002 (1) kit - DERF **			1	2.1																	
FY 2003 (4) kits					4	7.7															
FY 2004 (4) kits							4	7.9													
FY 2005 (4) kits																					
FY 2006 (4) kits																					
FY 2007 (4) kits																					
FY 2008 (4) kits																					
FY 2009 (4) kits																					
To Complete (2) kits																					
TOTAL	2	3.7	3	5.9	4	7.7	4	7.9													

* 2 Structures kits were delivered 8 months after award of the FY 2002 contract award.

** 1 structure kit procured with DERF in SLEP subhead Y5C2.

FY2002 & 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	2		3			2	2				2	2				
Out	2		3			2	2				2	2				

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

Exhibit P-3a

MODELS OF SYSTEMS AFFECTED: C-2A(R) MODIFICATION TITLE: Block Upgrade/SLEP (OSIP 24-94) - Rewire

INSTALLATION INFORMATION:

METHOD OF IMPLEMENTATION: Current w/SDLM

ADMINISTRATIVE LEADTIME: 1 Months PRODUCTION LEADTIME: 14 Months

CONTRACT DATES: FY 2003: Oct-02 FY 2004: _____ FY 2005: _____

DELIVERY DATE: FY 2006: Dec-05 FY 2004: _____ FY 2005: _____

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 (4) kits *					2	2.5															
FY 2002 (2) kit - DERF **							2	1.3													
FY 2003 (4) kits																					
FY 2004 (0) kits																					
FY 2005 (0) kits																					
FY 2006 (4) kits																					
FY 2007 (4) kits																					
FY 2008 (4) kits																					
FY 2009 (4) kits																					
To Complete (11) kits																					
TOTAL					2	2.5	2	1.3													

* 2 of 4 kits no longer reflect current design and cannot be used. Funding still required to install 2 of 4 kits in FY04. Cost in FY04 is due to the engineering efforts for the Validation/Verification

** 2 Rewire kits were procured with DERF in subhead 4A04.

FY2002 & 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						2					2					
Out						2						2				

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

