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**Exhibit P-40, Budget Line Item Justification: PB 2015 Navy** **Date:** March 2014

<b>Appropriation / Budget Activity / Budget Sub Activity:</b> 1506N: Aircraft Procurement, Navy / BA 01: Combat Aircraft / BSA 1: Combat Aircraft	<b>P-1 Line Item Number / Title:</b> 0178 / UH-1Y/AH-1Z
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<b>ID Code</b> (A=Service Ready, B=Not Service Ready) : A	<b>Program Elements for Code B Items:</b>	<b>Other Related Program Elements:</b> 0604245N, 0206120M
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<b>Line Item MDAP/MAIS Code:</b> 101	<b>Item MDAP/MAIS Code(s):</b>
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Resource Summary	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO <sup>#</sup>	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	To Complete	Total
Procurement Quantity ( <i>Units in Each</i> )	156	30	21	26	-	26	28	26	26	27	14	354
Gross/Weapon System Cost ( <i>\$ in Millions</i> )	4,703.400	819.037	668.945	838.757	-	838.757	919.537	924.009	906.231	960.719	987.433	11,728.068
Less PY Advance Procurement ( <i>\$ in Millions</i> )	108.619	56.750	64.311	60.000	-	60.000	80.926	76.686	78.040	84.290	62.700	672.322
Net Procurement (P1) ( <i>\$ in Millions</i> )	4,594.781	762.287	604.634	778.757	-	778.757	838.611	847.323	828.191	876.429	924.733	11,055.746
Plus CY Advance Procurement ( <i>\$ in Millions</i> )	165.368	64.311	60.000	80.926	-	80.926	76.686	78.040	84.290	62.700	*.***	672.321
<b>Total Obligation Authority (<i>\$ in Millions</i>)</b>	<b>4,760.149</b>	<b>826.598</b>	<b>664.634</b>	<b>859.683</b>	<b>-</b>	<b>859.683</b>	<b>915.297</b>	<b>925.363</b>	<b>912.481</b>	<b>939.129</b>	<b>924.733</b>	<b>11,728.067</b>

*(The following Resource Summary rows are for informational purposes only. The corresponding budget requests are documented elsewhere.)*

Initial Spares ( <i>\$ in Millions</i> )	-	1.949	1.211	-	-	-	0.919	0.517	-	-	*.***	4.596
Flyaway Unit Cost ( <i>\$ in Thousands</i> )	24,820.340	24,559.233	27,546.667	27,966.654	-	27,966.654	28,896.250	32,645.462	32,865.538	33,622.704	29,545.357	27,537.266
Gross/Weapon System Unit Cost ( <i>\$ in Thousands</i> )	30,150.000	27,301.233	31,854.524	32,259.885	-	32,259.885	32,840.607	35,538.808	34,855.038	35,582.185	70,530.929	33,130.136

<sup>#</sup> The FY 2015 OCO Request will be submitted at a later date.

**Description:**

Description: The mission of the AH-1Z attack helicopter is to provide rotary wing close air support, anti-armor, armed escort, armed/visual reconnaissance, anti-helicopter and point air defense and fire support coordination during day/night conditions. The mission of the UH-1Y utility helicopter is to provide command and control and combat assault support during day/night and reduced weather conditions. The UH-1Y/AH-1Z procurement strategy is to convert 37 AH-1W helicopters into AH-1Zs, build 152 new AH-1Zs, remanufacture ten (10) H-1N helicopters into UH-1Ys, and build 150 new UH-1Y models. The UH-1Y and AH-1Z share an 85 percent common footprint, which include portions of maintenance planning, technical data, supply support, support equipment, facilities, and resources required at the intermediate and depot level maintenance activities for both structural and avionics items of repair.

Major modifications include a new 4-bladed rotor system with semiautomatic blade fold of the new composite rotor blades, performance-matched transmissions, a new 4-bladed tail rotor and drive system, upgraded landing gear, and pylon structural modifications. Both aircraft will also incorporate common, modernized, and fully integrated cockpits/avionics that will reduce operator work load and improve situational awareness and safety. The UH-1Y/AH-1Z aircraft will have increased maneuverability, speed, and payload capability. Additionally, the AH-1Z will upgrade the current AH-1W Night Targeting System (NTS) Forward Looking Infrared (FLIR) system to a 3rd generation, staring, focal plane array FLIR that will significantly extend autonomous weapons engagement ranges.

Exhibits Schedule		Prior Years			FY 2013			FY 2014			FY 2015 Base			FY 2015 OCO			FY 2015 Total			
Title*	Exhibits	ID CD	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)
Item - 1 / UH-1Y	P-5		26,696.760	104	2,776.463	28,117.813	16	449.885	30,146.273	11	331.609	29,344.267	15	440.164	-	-	-	29,344.267	15	440.164
Item - 2 / AH-1Z	P-5		37,056.481	52	1,926.937	26,368.000	14	369.152	33,733.600	10	337.336	36,235.727	11	398.593	-	-	-	36,235.727	11	398.593

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**Exhibit P-40, Budget Line Item Justification:** PB 2015 Navy **Date:** March 2014

**Appropriation / Budget Activity / Budget Sub Activity:**  
1506N: Aircraft Procurement, Navy / BA 01: Combat Aircraft / BSA 1: Combat Aircraft

**P-1 Line Item Number / Title:**  
0178 / UH-1Y/AH-1Z

**ID Code** (A=Service Ready, B=Not Service Ready) : A **Program Elements for Code B Items:** **Other Related Program Elements:** 0604245N, 0206120M

**Line Item MDAP/MAIS Code:** 101 **Item MDAP/MAIS Code(s):**

Exhibits Schedule			Prior Years			FY 2013			FY 2014			FY 2015 Base			FY 2015 OCO			FY 2015 Total		
Title*	Exhibits	ID CD	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)
<b>Total Gross/Weapon System Cost</b>			30,150.000	156	4,703.400	27,301.233	30	819.037	31,854.524	21	668.945	32,259.885	26	838.757	-	-	-	32,259.885	26	838.757

\*For Items, Title represents the Item Number / Title [DODIC].

Note: Totals in this Exhibit P-40 set may not be exact or add due to rounding.

**Justification:**

Basis for FY 2015 Budget Request: Funds are requested in FY 2015 to procure 26 AH-1Z/UH-1Y helicopters.

FY 2010 was the first procurement year of the AH-1Z Build New aircraft, requiring additional manufacturing leadtime due to new cabin structure.

FY 2013 quantities reflect two replacement AH-1Z airframes from the sale of three AH-1W aircraft to Turkey. Funds from sale were reprogramed into a reimbursable account and are not reflected in this BLI. FY 2013 airframe cost reflects a budget for 28 aircraft. Replacement aircraft do not increase program of record.

FY 2015 Airframe cost increases account for prime contractor's new Business System Modernization (BSM) accounting structure and increased internal research and development investment, Pension Protection Act pension harmonization and higher medical forecasts, and continued effects of large business base decline. Due to airframe cost increases and USMC priorities, the program's ramp rates and quantity profile were adjusted in FY 2015 through the FYDP, which added one year of production. Compared to President's Budget 2014, unit cost growth is a result of deferred aircraft to FY 2020. Rate increases are due to varying quantities deferred each year.

All GFE electronics previously harvested from UH-1N and AH-1W aircraft at no-cost were procured new, at cost, for all future lots beginning in FY 2013 Lot 10 due to unavailability of legacy aircraft. Budgeted values for lots procured through FY 2012 reflect a cost avoidance from harvested components. The specific GFE components no longer harvested include: CD-45/ALE-47(V) Chaff/Flare Programmer, ICS Boxes, MT-6711 TACAN Mount, RT-1798 TACAN Receiver, APR39 System, CP-1975/AAR-47(V)2 Central Processor, SU-211/AAR-47(V)2 Optical Sensor, AS-2728 Antennas AT-741B/A Antennas, EGIs, CV-20 Digital Converters. GFE Electronics increase in FY 2014 due to Mission Computer being provided as GFE instead of CFE.

All new engines are factored into the budget formulation for FY 2014 through the FYDP. The program prefers to procure new T-700-401C engines for higher maintainability and reliability, increased time on wing, and ultimately lower life-cycle costs. Refurbished T-700-401C engines are procured as budget constraints warrant and the H-60 B/F sundown schedule permits. An additional determining factor for refurb engine procurement is the repair (refurb) contract ceiling for H-1 with General Electric Engine Services (GEES), currently at sixteen engines per year. Due to funding constraints as a result of sequestration, program reductions, and airframe costs, 16 UH-1Y refurbished engines were procured in FY 2013.

FY 2015 AH-1Z Ancillary Equip and GFE Electronics changes due to net zero realignment of Target Sight System (TSS) between cost codes. Prior to FY 2013 Lot 10, TSS was installed on aircraft post-DD 250 and is now provided to prime contractor as GFE for installation on the production line.

FY 2015 Support Cost elements (Airframe PGSE, Other ILS, Pub/Tech Eq) include depot stand-up in compliance with Title 10 organic depot capability requirement. Depot stand-up was originally planned for FY 2012 prior to funding reduction for Support Cost.

FY 2015 Peculiar Training Equipment includes one AH-1Z flight training device.

To Complete should be adjusted to reflect the following:

Procurement Quantity of 9, Gross Weapon System Cost 506.698, Net Procurement 443.998, and Total Obligation Authority 443.998. These adjustments will also correct Total calculation.

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<b>Exhibit P-5, Cost Analysis: PB 2015 Navy</b>				<b>Date:</b> March 2014			
<b>Appropriation / Budget Activity / Budget Sub Activity:</b> 1506N / 01 / 1		<b>P-1 Line Item Number / Title:</b> 0178 / UH-1Y/AH-1Z		<b>Item Number / Title [DODIC]:</b> 1 / UH-1Y			

Resource Summary	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO#	FY 2015 Total
Procurement Quantity (Units in Each)	104	16	11	15	-	15
Gross/Weapon System Cost (\$ in Millions)	2,776.463	449.885	331.609	440.164	-	440.164
Less PY Advance Procurement (\$ in Millions)	73.142	35.173	39.859	37.188	-	37.188
Net Procurement (P1) (\$ in Millions)	2,703.321	414.712	291.750	402.976	-	402.976
Plus CY Advance Procurement (\$ in Millions)	108.315	39.859	37.188	50.024	-	50.024
<b>Total Obligation Authority (\$ in Millions)</b>	<b>2,811.636</b>	<b>454.571</b>	<b>328.938</b>	<b>453.000</b>	<b>-</b>	<b>453.000</b>

*(The following Resource Summary rows are for informational purposes only. The corresponding budget requests are documented elsewhere.)*

Initial Spares (\$ in Millions)	-	-	-	-	-	-
Gross/Weapon System Unit Cost (\$ in Thousands)	26,696.760	28,117.813	30,146.273	29,344.267	-	29,344.267

# The FY 2015 OCO Request will be submitted at a later date.

Cost Elements	ID CD	Prior Years			FY 2013			FY 2014			FY 2015 Base			FY 2015 OCO			FY 2015 Total		
		Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)
Flyaway Cost																			
Recurring Cost																			
1.1.1) Airframe/CFE (1)		17,517.962	104	1,821.868	19,679.620	16	314.874	20,193.641	11	222.130	20,433.469	15	306.502	-	-	-	20,433.469	15	306.502
1.1.2) GFE Electronics (2)		-	-	167.981	-	-	59.488	-	-	30.943	-	-	42.997	-	-	-	-	-	42.997
1.1.3) Engines/Eng Acc (new) (3)		523.572	208	108.903	814.507	16	13.032	755.905	22	16.630	770.267	30	23.108	-	-	-	770.267	30	23.108
1.1.4) Engines/Eng Acc (refurb)		-	-	0.000	428.795	16	6.861	-	-	-	-	-	-	-	-	-	-	-	-
1.1.5) Armament		-	-	1.526	-	-	1.719	-	-	0.175	-	-	0.243	-	-	-	-	-	0.243
1.1.6) Other GFE		-	-	33.373	-	-	5.344	-	-	2.123	-	-	2.951	-	-	-	-	-	2.951
1.1.7) ECO		-	-	49.887	-	-	5.547	-	-	4.443	-	-	6.130	-	-	-	-	-	6.130
<i>Subtotal: Recurring Cost</i>		<i>-</i>	<i>-</i>	<i>2,183.538</i>	<i>-</i>	<i>-</i>	<i>406.865</i>	<i>-</i>	<i>-</i>	<i>276.444</i>	<i>-</i>	<i>-</i>	<i>381.931</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>381.931</i>
Non Recurring Cost																			
1.2.1) Non-Recur Cost		-	-	125.699	-	-	0.328	-	-	-	-	-	-	-	-	-	-	-	-
1.2.2) Ancillary Equip (4)		-	-	13.386	-	-	6.771	-	-	3.174	-	-	4.503	-	-	-	-	-	4.503
<i>Subtotal: Non Recurring Cost</i>		<i>-</i>	<i>-</i>	<i>139.085</i>	<i>-</i>	<i>-</i>	<i>7.099</i>	<i>-</i>	<i>-</i>	<i>3.174</i>	<i>-</i>	<i>-</i>	<i>4.503</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>4.503</i>
<i>Subtotal: Flyaway Cost</i>		<i>-</i>	<i>-</i>	<i>2,322.623</i>	<i>-</i>	<i>-</i>	<i>413.964</i>	<i>-</i>	<i>-</i>	<i>279.618</i>	<i>-</i>	<i>-</i>	<i>386.434</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>386.434</i>
Support Cost																			
2.1) Airframe PGSE (5)		-	-	123.374	-	-	10.761	-	-	11.608	-	-	14.563	-	-	-	-	-	14.563

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<b>Exhibit P-5, Cost Analysis: PB 2015 Navy</b>													<b>Date: March 2014</b>					
<b>Appropriation / Budget Activity / Budget Sub Activity:</b> 1506N / 01 / 1						<b>P-1 Line Item Number / Title:</b> 0178 / UH-1Y/AH-1Z						<b>Item Number / Title [DODIC]:</b> 1 / UH-1Y						

Cost Elements	ID CD	Prior Years			FY 2013			FY 2014			FY 2015 Base			FY 2015 OCO			FY 2015 Total		
		Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)
2.2) Pec trng Eq		-	-	85.699	-	-	0.839	-	-	4.265	-	-	2.265	-	-	-	-	-	2.265
2.3) Pub/Tech Eq <sup>(6)</sup>		-	-	73.015	-	-	3.423	-	-	6.145	-	-	6.173	-	-	-	-	-	6.173
2.4) Prod Eng Supt		-	-	94.862	-	-	13.466	-	-	11.822	-	-	11.918	-	-	-	-	-	11.918
2.5) Other ILS <sup>(7)</sup>		-	-	73.897	-	-	7.432	-	-	18.151	-	-	18.811	-	-	-	-	-	18.811
2.6) Reclamation		-	-	2.993	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Subtotal: Support Cost</i>		-	-	453.840	-	-	35.921	-	-	51.991	-	-	53.730	-	-	-	-	-	53.730
<b>Gross/Weapon System Cost</b>		<b>26,696.760</b>	<b>104</b>	<b>2,776.463</b>	<b>28,117.813</b>	<b>16</b>	<b>449.885</b>	<b>30,146.273</b>	<b>11</b>	<b>331.609</b>	<b>29,344.267</b>	<b>15</b>	<b>440.164</b>	-	-	-	<b>29,344.267</b>	<b>15</b>	<b>440.164</b>

**Footnotes:**

- (1) FY 2015 Airframe cost increases account for prime contractor's new Business System Modernization (BSM) accounting structure and increased internal research and development investment, Pension Protection Act pension harmonization and higher medical forecasts, and continued effects of large business base decline. FY 2014 Airframe rate increases largely due to prime contractor compliance with Pension Protection Act and reduced projected business base. FY 2013 Airframe includes Congressional Add for one UH-1Y.
- (2) FY 2014 GFE Electronics increase in FY 2014 due to Mission Computer being provided GFE instead of CFE. \*\* All GFE electronics previously harvested from UH-1N and AH-1W aircraft at no-cost must be procured new, at cost, for all future lots beginning in FY 2013 Lot 10 due to unavailability of legacy aircraft. Budgeted values for lots procured through FY 2012 reflect a cost avoidance from harvested components. The specific GFE components no longer harvested include: CD-45/ALE-47(V) Chaff/Flare Programmer, ICS Boxes, MT-6711 TACAN Mount, RT-1798 TACAN Receiver, APR39 System, CP-1975/AAR-47(V)2 Central Processor, SU-211/AAR-47(V)2 Optical Sensor, AS-2728 Antennas AT-741B/A Antennas, EGIs, CV-20 Digital Converters.
- (3) All new engines are factored into the budget formulation for FY 2014 through the FYDP. The program prefers to procure new T-700-401C engines for higher maintainability and reliability, increased time on wing, and ultimately lower life-cycle costs. Refurbished T-700-401C engines are procured as budget constraints warrant and the H-60 B/F sundown schedule permits. An additional determining factor for refurb engine procurement is the repair (refurb) contract ceiling for H-1 with General Electric Engine Services (GEES), currently at 16 engines per year. Due to funding constraints as a result of sequestration, program reductions, and airframe costs, 16 UH-1Y refurbished engines were procured in FY2013.
- (4) All Ancillary crew-served weapons previously harvested from UH-1Ns at no-cost must be procured new, at cost, for all future lots beginning in FY 2014 Lot 11 due to unavailability of legacy aircraft. Budgeted values for lots procured through FY 2013 reflect a cost avoidance from harvested components.
- (5) FY 2015 Airframe PGSE increase due to new requirement for Depot level SE combining gearbox test equipment, and test stands to support organic depot standup. FY 2014 Airframe PGSE Support Cost increase due to deferred depot stand-up in compliance with Title 10 organic depot capability requirement. Depot stand-up was originally planned for FY 2012 prior to funding reduction for Support Cost.
- (6) FY 2015 Pub/Tech Equipment includes publications in support of new requirements for overhaul procedures, which lowers total ownership costs across the life cycle. FY 2014 Pub/Tech Equipment Support Cost increase due to deferred depot stand-up in compliance with Title 10 organic depot capability requirement. Depot stand-up was originally planned for FY 2012 prior to funding reduction for Support Cost.
- (7) FY 2015 and FY 2014 Other ILS includes requirements to complete deferred depot stand-up in compliance with Title 10 organic depot capability requirement. Depot stand-up was originally planned for FY 2012 prior to funding reduction for Support Cost.

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<b>Exhibit P-5, Cost Analysis: PB 2015 Navy</b>				<b>Date:</b> March 2014			
<b>Appropriation / Budget Activity / Budget Sub Activity:</b> 1506N / 01 / 1		<b>P-1 Line Item Number / Title:</b> 0178 / UH-1Y/AH-1Z		<b>Item Number / Title [DODIC]:</b> 2 / AH-1Z			

Resource Summary	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO#	FY 2015 Total
Procurement Quantity <i>(Units in Each)</i>	52	14	10	11	-	11
Gross/Weapon System Cost <i>(\$ in Millions)</i>	1,926.937	369.152	337.336	398.593	-	398.593
Less PY Advance Procurement <i>(\$ in Millions)</i>	35.477	21.576	24.452	22.812	-	22.812
Net Procurement (P1) <i>(\$ in Millions)</i>	1,891.460	347.576	312.884	375.781	-	375.781
Plus CY Advance Procurement <i>(\$ in Millions)</i>	57.053	24.452	22.812	30.902	-	30.902
<b>Total Obligation Authority <i>(\$ in Millions)</i></b>	<b>1,948.513</b>	<b>372.028</b>	<b>335.696</b>	<b>406.683</b>	-	<b>406.683</b>

*(The following Resource Summary rows are for informational purposes only. The corresponding budget requests are documented elsewhere.)*

Initial Spares <i>(\$ in Millions)</i>	-	-	-	-	-	-
Gross/Weapon System Unit Cost <i>(\$ in Thousands)</i>	37,056.481	26,368.000	33,733.600	36,235.727	-	36,235.727

# The FY 2015 OCO Request will be submitted at a later date.

Cost Elements	ID CD	Prior Years			FY 2013			FY 2014			FY 2015 Base			FY 2015 OCO			FY 2015 Total		
		Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)
Flyaway Cost																			
Recurring Cost																			
1.1.1) Airframe/CFE <sup>(8)</sup>		19,659.788	52	1,022.309	16,868.246	14	236.155	20,480.731	10	204.807	21,476.850	11	236.245	-	-	-	21,476.850	11	236.245
1.1.2) GFE Electronics <sup>(9)</sup>		-	-	79.083	-	-	52.052	-	-	60.276	-	-	66.997	-	-	-	-	-	66.997
1.1.3) Engines/Eng Acc (new) <sup>(10)</sup>		357.990	104	37.231	621.660	28	17.406	755.905	20	15.118	770.267	22	16.946	-	-	-	770.267	22	16.946
1.1.4) Engines/Eng Acc (refurb)		300.250	84	25.221	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.1.5) Armament <sup>(11)</sup>		-	-	15.322	-	-	1.504	-	-	4.638	-	-	5.199	-	-	-	-	-	5.199
1.1.6) Other GFE <sup>(12)</sup>		-	-	24.124	-	-	4.676	-	-	3.450	-	-	3.719	-	-	-	-	-	3.719
1.1.7) Rec Flyaway ECO		-	-	37.394	-	-	4.853	-	-	4.272	-	-	4.725	-	-	-	-	-	4.725
<b>Subtotal: Recurring Cost</b>		-	-	<b>1,240.684</b>	-	-	<b>316.646</b>	-	-	<b>292.561</b>	-	-	<b>333.831</b>	-	-	-	-	-	<b>333.831</b>
Non Recurring Cost																			
1.2.1) Non-Recur Cost		-	-	123.724	-	-	0.287	-	-	-	-	-	-	-	-	-	-	-	-
1.2.2) Ancillary Equip		-	-	184.942	-	-	5.880	-	-	6.301	-	-	6.868	-	-	-	-	-	6.868
<b>Subtotal: Non Recurring Cost</b>		-	-	<b>308.666</b>	-	-	<b>6.167</b>	-	-	<b>6.301</b>	-	-	<b>6.868</b>	-	-	-	-	-	<b>6.868</b>
<b>Subtotal: Flyaway Cost</b>		-	-	<b>1,549.350</b>	-	-	<b>322.813</b>	-	-	<b>298.862</b>	-	-	<b>340.699</b>	-	-	-	-	-	<b>340.699</b>
Support Cost																			
2.1) Airframe PGSE <sup>(13)</sup>		-	-	76.992	-	-	9.416	-	-	8.694	-	-	6.098	-	-	-	-	-	6.098

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<b>Exhibit P-5, Cost Analysis: PB 2015 Navy</b>														<b>Date: March 2014</b>					
<b>Appropriation / Budget Activity / Budget Sub Activity:</b> 1506N / 01 / 1							<b>P-1 Line Item Number / Title:</b> 0178 / UH-1Y/AH-1Z							<b>Item Number / Title [DODIC]:</b> 2 / AH-1Z					

Cost Elements	ID CD	Prior Years			FY 2013			FY 2014			FY 2015 Base			FY 2015 OCO			FY 2015 Total				
		Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)		
2.2) Pec Trng Eq <sup>(14)</sup>		-	-	80.542	-	-	15.641	-	-	1.677	-	-	21.328	-	-	-	-	-	21.328		
2.3) Pub/Tech Eq <sup>(15)</sup>		-	-	64.434	-	-	2.995	-	-	4.457	-	-	4.446	-	-	-	-	-	4.446		
2.4) Prod Eng Supt		-	-	97.980	-	-	11.783	-	-	13.093	-	-	12.609	-	-	-	-	-	12.609		
2.5) Other ILS <sup>(16)</sup>		-	-	54.646	-	-	6.504	-	-	10.553	-	-	13.413	-	-	-	-	-	13.413		
2.6) Reclamation		-	-	2.993	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
<i>Subtotal: Support Cost</i>		-	-	377.587	-	-	46.339	-	-	38.474	-	-	57.894	-	-	-	-	-	57.894		
<b>Gross/Weapon System Cost</b>		<b>37,056.481</b>	<b>52</b>	<b>1,926.937</b>	<b>26,368.000</b>	<b>14</b>	<b>369.152</b>	<b>33,733.600</b>	<b>10</b>	<b>337.336</b>	<b>36,235.727</b>	<b>11</b>	<b>398.593</b>	-	-	-	-	-	<b>36,235.727</b>	<b>11</b>	<b>398.593</b>

**Footnotes:**

- <sup>(8)</sup> FY 2015 Airframe cost increases account for prime contractor's new Business System Modernization (BSM) accounting structure and increased internal research and development investment, Pension Protection Act pension harmonization and higher medical forecasts, and continued effects of large business base decline. Due to airframe cost increases and USMC priorities, the program's ramp rates and quantity profile were adjusted in FY 2015 through the FYDP, which added one year of production. Compared to President's Budget 2014, unit cost growth is a result of deferred aircraft to FY 2020. Rate increases are due to varying quantities deferred each year. \*\* FY 2014 Airframe rate increases predominantly due to prime contractor compliance with Pension Protection Act and reduced projected business base. \*\* FY 2013 Airframe includes Congressional Add for two AH-1Z aircraft. FY 2013 airframe unit cost reflected does not include funds from the sale of the three AH-1W aircraft to Turkey, as described in the P-40 justification. These two replacement airframes are to be awarded with the Lot 11 (FY 2014) contract. Lot 10 (FY 2013) airframe unit cost was \$19.680M. Lot 11 (FY 2014) airframe unit cost is budgeted at \$20.480M. \*\* FY 2010 was the first procurement year of the AH-1Z Build New aircraft, requiring additional manufacturing leadtime due to new cabin structure.
- <sup>(9)</sup> FY 2015 AH-1Z Ancillary Equip and GFE Electronics changes due to net zero realignment of Target Sight System (TSS) between cost codes. Prior to FY 2013 Lot 10, TSS was installed on aircraft post-DD 250 and is now provided to prime contractor as GFE for installation on the production line. \*\* FY 2014 GFE Electronics increase due to Mission Computer being provided GFE instead of CFE. \*\* All GFE electronics previously harvested from UH-1N and AH-1W aircraft at no-cost must be procured new, at cost, for all future lots beginning in FY 2013 Lot 10 due to unavailability of legacy aircraft. Budgeted values for lots procured through FY 2012 reflect a cost avoidance from harvested components. The specific GFE components no longer harvested include: CD-45/ALE-47(V) Chaff/Flare Programmer, ICS Boxes, MT-6711 TACAN Mount, RT-1798 TACAN Receiver, APR39 System, CP-1975/AAR-47(V)2 Central Processor, SU-211/AAR-47(V)2 Optical Sensor, AS-2728 Antennas AT-741B/A Antennas, EGIs, CV-20 Digital Converters.
- <sup>(10)</sup> All new engines are factored into the budget formulation for FY 2014 through the FYDP. The program prefers to procure new T-700-401C engines for higher maintainability and reliability, increased time on wing, and ultimately lower life-cycle costs. Refurbished T-700-401C engines are procured as budget constraints warrant and the H-60 B/F sundown schedule permits. An additional determining factor for refurb engine procurement is the repair (refurb) contract ceiling for H-1 with General Electric Engine Services (GEES), currently at sixteen engines per year.
- <sup>(11)</sup> FY 2014 Armament and Other GFE changes due to net zero realignment of components between cost codes.
- <sup>(12)</sup> FY 2014 Armament and Other GFE changes due to net zero realignment of components between cost codes.
- <sup>(13)</sup> FY 2015 Airframe PGSE new requirement for Depot level SE combining gearbox test equipment, test stands, and technical data to support organic depot standup. FY 2014 Airframe PGSE Support Cost increase due to deferred depot stand-up in compliance with Title 10 organic depot capability requirement. Depot stand-up was originally planned for FY 2012 prior to funding reduction for Support Cost.
- <sup>(14)</sup> FY 2015 Peculiar Training Equipment includes one AH-1Z Flight Training Device and associated GFE.
- <sup>(15)</sup> FY 2015 Pub/Tech Equipment includes publications in support of new requirements for overhaul procedures, which lowers total ownership costs across the life cycle. FY 2014 Pub/Tech Equipment Support Cost increase due to deferred depot stand-up in compliance with Title 10 organic depot capability requirement. Depot stand-up was originally planned for FY 2012 prior to funding reduction for Support Cost.
- <sup>(16)</sup> FY 2015 and FY 2014 Other ILS includes requirements to complete deferred depot stand-up in compliance with Title 10 organic depot capability requirement. Depot stand-up was originally planned for FY 2012 prior to funding reduction for Support Cost.

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**Exhibit P-40, Advance Procurement Budget Line Item Justification:** PB 2015 Navy **Date:** March 2014

<b>Appropriation / Budget Activity / Budget Sub Activity:</b> 1506N: Aircraft Procurement, Navy / BA 01: Combat Aircraft / BSA 1: Combat Aircraft	<b>P-1 Line Item Number / Title:</b> 0178 / UH-1Y/AH-1Z
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<b>ID Code</b> (A=Service Ready, B=Not Service Ready) : A	<b>Program Elements for Code B Items:</b>	<b>Other Related Program Elements:</b> 0604245N, 0206120M
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<b>Line Item MDAP/MAIS Code:</b> 101	<b>Item MDAP/MAIS Code(s):</b>
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Resource Summary	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO <sup>#</sup>	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	To Complete	Total
Gross/Weapon System Cost <i>(\$ in Millions)</i>	165.368	64.311	60.000	80.926	-	80.926	76.686	78.040	84.290	62.700	****	672.321
Net Procurement (P1) <i>(\$ in Millions)</i>	165.368	64.311	60.000	80.926	-	80.926	76.686	78.040	84.290	62.700	****	672.321
<b>Total Obligation Authority <i>(\$ in Millions)</i></b>	<b>165.368</b>	<b>64.311</b>	<b>60.000</b>	<b>80.926</b>	<b>-</b>	<b>80.926</b>	<b>76.686</b>	<b>78.040</b>	<b>84.290</b>	<b>62.700</b>	<b>****</b>	<b>672.321</b>

**Description:**

The mission of the AH-1Z attack helicopter is to provide rotary wing close air support, anti-armor, armed escort, armed/visual reconnaissance, anti-helicopter and point air defense and fire support coordination during day/night conditions. The mission of the UH-1Y utility helicopter is to provide command and control and combat assault support during day/night and reduced weather conditions. The UH-1Y/AH-1Z procurement strategy is to convert 37 AH-1W helicopters into AH-1Zs, build 152 new AH-1Zs, remanufacture ten (10) H-1N helicopters into UH-1Ys, and build 150 new UH-1Y models. The UH-1Y and AH-1Z share an 85 percent common footprint, which include portions of maintenance planning, technical data, supply support, support equipment, facilities, and resources required at the intermediate and depot level maintenance activities for both structural and avionics items of repair.

Major modifications include a new 4-bladed rotor system with semiautomatic blade fold of the new composite rotor blades, performance-matched transmissions, a new 4-bladed tail rotor and drive system, upgraded landing gear, and pylon structural modifications. Both aircraft will also incorporate common, modernized, and fully integrated cockpits/avionics that will reduce operator work load and improve situational awareness and safety. The UH-1Y/AH-1Z aircraft will have increased maneuverability, speed, and payload capability. Additionally, the AH-1Z will upgrade the current Night Targeting Forward Looking InfraRed (FLIR) system to a 3rd generation, staring, focal plane array FLIR that will significantly extend autonomous weapons engagement ranges.

Basis for FY 2015 Budget Request: Funds are requested in FY 2015 to procure 26 AH-1Z/UH-1Y helicopters.

Exhibits Schedule		Prior Years			FY 2013			FY 2014			FY 2015 Base			FY 2015 OCO			FY 2015 Total			
Title*	Exhibits	ID CD	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)	Unit Cost (\$ K)	Qty (Each)	Total Cost (\$ M)
Item - 1 / UH-1Y	P-10				108.315			39.859			37.188			50.024			-			50.024
Item - 2 / AH-1Z	P-10				57.053			24.452			22.812			30.902			-			30.902
<b>Total Gross/Weapon System Cost</b>					<b>165.368</b>			<b>64.311</b>			<b>60.000</b>			<b>80.926</b>			<b>-</b>			<b>80.926</b>

\*For Items, Title represents the Item Number / Title [DODIC].

Note: Totals in this Exhibit P-40 set may not be exact or add due to rounding.

**Justification:**

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**Exhibit P-10, Advance Procurement Requirements Analysis (page 1 - Budget Funding Justification):** PB 2015 Navy **Date:** March 2014

<b>Appropriation / Budget Activity / Budget Sub Activity:</b> 1506N / 01 / 1	<b>P-1 Line Item Number / Title:</b> 0178 / UH-1Y/AH-1Z	<b>P-5 Number / Title:</b> 1 / UH-1Y
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**ID Code** (A=Service Ready, B=Not Service Ready) : A

<b>First System (2015) Award Date:</b> January 2013	<b>First System (2015) Completion Date:</b> October 2015	<b>Interval Between Systems:</b> 1 Months
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UH-1Y	Production Leadtime <i>(Months)</i>	Prior Years <i>(Each)</i>	FY 2013 <i>(Each)</i>	FY 2014 <i>(Each)</i>	FY 2015 <i>(Each)</i>
Quantity		104	16	11	15

Cost Element	When Rqd <i>(Months)</i>	Prior Years <i>(\$ M)</i>	FY 2013 <i>(\$ M)</i>	FY 2014 <i>(\$ M)</i>	FY 2015 <i>(\$ M)</i>
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<b>CFE</b>					
UH-1Y Cabin Materials	7	71.885	25.739	24.014	32.303
Dynamic Component Parts	8	11.645	4.504	4.203	5.652
Other (forgings, bearings, shafts, castings, bolts, pins, etc.)	13	24.785	9.616	8.971	12.069
<i>Total: CFE</i>		<i>108.315</i>	<i>39.859</i>	<i>37.188</i>	<i>50.024</i>
<b>Total Advance Procurement/Obligation Authority</b>		<b>108.315</b>	<b>39.859</b>	<b>37.188</b>	<b>50.024</b>

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**Exhibit P-10, Advance Procurement Requirements Analysis (page 2 - Budget Funding Justification):** PB 2015 Navy **Date:** March 2014

<b>Appropriation / Budget Activity / Budget Sub Activity:</b> 1506N / 01 / 1	<b>P-1 Line Item Number / Title:</b> 0178 / UH-1Y/AH-1Z	<b>P-5 Number / Title:</b> 1 / UH-1Y
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**ID Code** (A=Service Ready, B=Not Service Ready) :

Cost Elements	QPA <i>(Each)</i>	FY 2015					Total Cost Request <i>(\$ M)</i>
		Production Leadtime <i>(Months)</i>	Unit Cost <i>(\$ K)</i>	Contract Forecast Date	2015 Qty <i>(Each)</i>	For FY	
<b>CFE</b>							
UH-1Y Cabin Materials	-						32.303
Dynamic Component Parts	-						5.652
Other (forgings, bearings, shafts, castings, bolts, pins, etc.)	-						12.069
<i>Total: CFE</i>							<i>50.024</i>
<b>Total Advance Procurement/Obligation Authority</b>							<b>50.024</b>

**Description:**  
 The Advance Procurement (AP) funding will be used to procure long lead CFE items (24 months or greater production lead time) such as raw materials (inclusive of steel, titanium, aluminum, composites), castings, forgings, bearings, actuators, mission computers, tube assemblies, panel assemblies, gearboxes and airframe structural components. H-1 lead times for components have been as high as 59 months. The H-1 program has been actively pursuing lead time reductions and the current longest lead component is in excess of 43 months (mast forging). Some specific material lead items are other forgings (39M), bearings (37M), actuators (28M), and mission computer (25M). All of these long lead items are essential to maintaining the current schedule in support of the Fleet Marine Forces and the transition to the UH-1Y and the AH-1Z.

Any reduction or delay in approval of advance procurement funding for CFE Airframe would result in a significant cost increase and schedule delay to the H-1 program.

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**Exhibit P-10, Advance Procurement Requirements Analysis (page 1 - Budget Funding Justification):** PB 2015 Navy **Date:** March 2014

<b>Appropriation / Budget Activity / Budget Sub Activity:</b> 1506N / 01 / 1	<b>P-1 Line Item Number / Title:</b> 0178 / UH-1Y/AH-1Z	<b>P-5 Number / Title:</b> 2 / AH-1Z
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**ID Code** (A=Service Ready, B=Not Service Ready) : A

<b>First System (2015) Award Date:</b> January 2013	<b>First System (2015) Completion Date:</b> October 2015	<b>Interval Between Systems:</b> 1 Months
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AH-1Z	Production Leadtime <i>(Months)</i>	Prior Years <i>(Each)</i>	FY 2013 <i>(Each)</i>	FY 2014 <i>(Each)</i>	FY 2015 <i>(Each)</i>
Quantity		52	14	10	11

Cost Element	When Rqd <i>(Months)</i>	Prior Years <i>(\$ M)</i>	FY 2013 <i>(\$ M)</i>	FY 2014 <i>(\$ M)</i>	FY 2015 <i>(\$ M)</i>
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<b>CFE</b>					
AH-1Z Cabin Materials	7	36.842	15.791	14.732	19.956
Dynamic Component Parts	8	6.446	2.762	2.577	3.491
Other (forgings, bearings, shafts, castings, bolts, pins, etc.)	13	13.765	5.899	5.503	7.455
<i>Total: CFE</i>		57.053	24.452	22.812	30.902
<b>Total Advance Procurement/Obligation Authority</b>		<b>57.053</b>	<b>24.452</b>	<b>22.812</b>	<b>30.902</b>

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**Exhibit P-10, Advance Procurement Requirements Analysis (page 2 - Budget Funding Justification):** PB 2015 Navy **Date:** March 2014

<b>Appropriation / Budget Activity / Budget Sub Activity:</b> 1506N / 01 / 1	<b>P-1 Line Item Number / Title:</b> 0178 / UH-1Y/AH-1Z	<b>P-5 Number / Title:</b> 2 / AH-1Z
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**ID Code** (A=Service Ready, B=Not Service Ready) :

Cost Elements	QPA <i>(Each)</i>	FY 2015					Total Cost Request <i>(\$ M)</i>
		Production Leadtime <i>(Months)</i>	Unit Cost <i>(\$ K)</i>	Contract Forecast Date	2015 Qty <i>(Each)</i>	For FY	
<b>CFE</b>							
AH-1Z Cabin Materials	-						19.956
Dynamic Component Parts	-						3.491
Other (forgings, bearings, shafts, castings, bolts, pins, etc.)	-						7.455
<i>Total: CFE</i>							<b>30.902</b>
<b>Total Advance Procurement/Obligation Authority</b>							<b>30.902</b>

**Description:**  
 The Advance Procurement (AP) funding will be used to procure long lead CFE items (24 months or greater production lead time) such as raw materials (inclusive of steel, titanium, aluminum, composites), castings, forgings, bearings, actuators, mission computers, tube assemblies, panel assemblies, gearboxes and airframe structural components. H-1 lead times for components have been as high as 59 months. The H-1 program has been actively pursuing lead time reductions and the current longest lead component is in excess of 43 months (mast forging). Some specific material lead items are other forgings (39M), bearings (37M), actuators (28M), and mission computer (25M). All of these long lead items are essential to maintaining the current schedule in support of the Fleet Marine Forces and the transition to the UH-1Y and the AH-1Z.

Any reduction or delay in approval of advance procurement funding for CFE Airframe would result in a significant cost increase and schedule delay to the H-1 program.