



# Selected Acquisition Report (SAR)

RCS: DD-A&T(Q&A)823-433



## **KC-130J Transport Aircraft (KC-130J)**

As of FY 2016 President's Budget

Defense Acquisition Management  
Information Retrieval  
(DAMIR)

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## Common Acronyms and Abbreviations for MDAP Programs

Acq O&M - Acquisition-Related Operations and Maintenance  
ACAT - Acquisition Category  
ADM - Acquisition Decision Memorandum  
APB - Acquisition Program Baseline  
APPN - Appropriation  
APUC - Average Procurement Unit Cost  
\$B - Billions of Dollars  
BA - Budget Authority/Budget Activity  
Blk - Block  
BY - Base Year  
CAPE - Cost Assessment and Program Evaluation  
CARD - Cost Analysis Requirements Description  
CDD - Capability Development Document  
CLIN - Contract Line Item Number  
CPD - Capability Production Document  
CY - Calendar Year  
DAB - Defense Acquisition Board  
DAE - Defense Acquisition Executive  
DAMIR - Defense Acquisition Management Information Retrieval  
DoD - Department of Defense  
DSN - Defense Switched Network  
EMD - Engineering and Manufacturing Development  
EVM - Earned Value Management  
FOC - Full Operational Capability  
FMS - Foreign Military Sales  
FRP - Full Rate Production  
FY - Fiscal Year  
FYDP - Future Years Defense Program  
ICE - Independent Cost Estimate  
IOC - Initial Operational Capability  
Inc - Increment  
JROC - Joint Requirements Oversight Council  
\$K - Thousands of Dollars  
KPP - Key Performance Parameter  
LRIP - Low Rate Initial Production  
\$M - Millions of Dollars  
MDA - Milestone Decision Authority  
MDAP - Major Defense Acquisition Program  
MILCON - Military Construction  
N/A - Not Applicable  
O&M - Operations and Maintenance  
ORD - Operational Requirements Document  
OSD - Office of the Secretary of Defense  
O&S - Operating and Support  
PAUC - Program Acquisition Unit Cost

PB - President's Budget  
PE - Program Element  
PEO - Program Executive Officer  
PM - Program Manager  
POE - Program Office Estimate  
RDT&E - Research, Development, Test, and Evaluation  
SAR - Selected Acquisition Report  
SCP - Service Cost Position  
TBD - To Be Determined  
TY - Then Year  
UCR - Unit Cost Reporting  
U.S. - United States  
USD(AT&L) - Under Secretary of Defense (Acquisition, Technology and Logistics)

## Program Information

**Program Name**

KC-130J Transport Aircraft (KC-130J)

**DoD Component**

Navy

## Responsible Office

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## References

**SAR Baseline (Production Estimate)**

Navy Acquisition Executive (NAE) Approved Acquisition Program Baseline (APB) dated February 7, 2011

**Approved APB**

Navy Acquisition Executive (NAE) Approved Acquisition Program Baseline (APB) dated February 7, 2011

## Mission and Description

The KC-130J Transport Aircraft (KC-130J) is a high-wing, long range land based monoplane which is powered by four turboprop engines equipped with six blade variable pitch propellers.

The KC-130J program provides the Marine Corps with air-to-air refueler/tactical transport capability to replace the KC-130 F/R/T aircraft. Specific KC-130J mission capabilities encompass air-to-air refueling, air delivered ground refueling, tactical troop transport, aerial delivery of personnel and cargo, airborne radio relay, tactical aero-medical evacuation, multi-sensor reconnaissance, and close air support. The KC-130J improves readiness, capability and survivability while reducing maintenance and operating costs.

## Executive Summary

The current Program of Record is 104 aircraft - 79 United States Marine Corps and 25 United States Navy Reserve. As of February 25, 2015, 47 aircraft have been delivered. All aircraft are being acquired through United States Air Force procurement contracts.

The KC-130J has been continuously forward deployed in support of multiple operations since February 2005. Six Harvest HAWK kits (Block E) have been delivered.

There are no significant software-related issues with this program at this time.

## Threshold Breaches

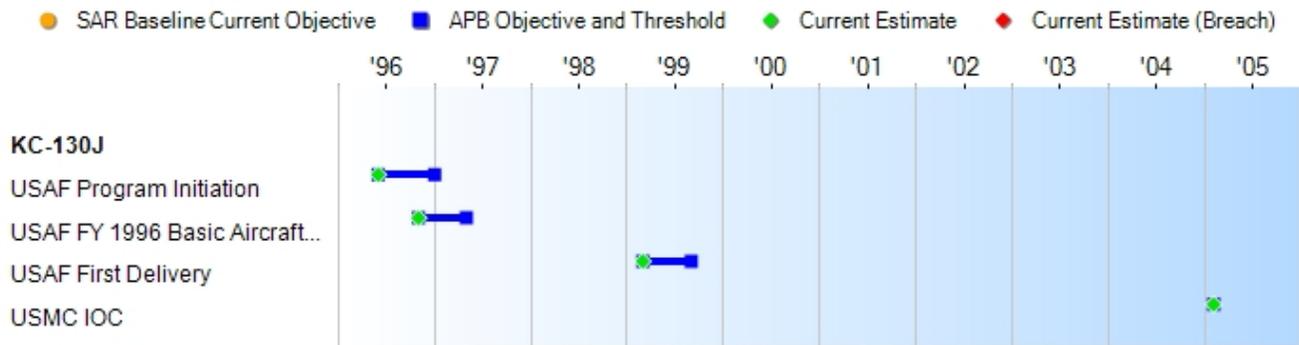
### APB Breaches

- Schedule
- Performance
- Cost
  - RDT&E
  - Procurement
  - MILCON
  - Acq O&M
- O&S Cost
- Unit Cost
  - PAUC
  - APUC

### Nunn-McCurdy Breaches

- Current UCR Baseline**
  - PAUC None
  - APUC None
- Original UCR Baseline**
  - PAUC None
  - APUC None

## Schedule



Schedule Events				
Events	SAR Baseline Production Estimate	Current APB Production Objective/Threshold		Current Estimate
USAF Program Initiation	Jun 1996	Jun 1996	Jan 1997	Jun 1996
USAF FY 1996 Basic Aircraft Contract	Nov 1996	Nov 1996	May 1997	Nov 1996
USAF First Delivery	Mar 1999	Mar 1999	Sep 1999	Mar 1999
USMC IOC	Feb 2005	Feb 2005	Feb 2005	Feb 2005

### Change Explanations

None

### Notes

Structural, safety of flight, and capability modifications continue to be developed and incorporated.

### Acronyms and Abbreviations

USAF - United States Air Force  
 USMC - United States Marine Corps

## Performance

Performance Characteristics				
SAR Baseline Production Estimate	Current APB Production Objective/Threshold		Demonstrated Performance	Current Estimate
<b>Net Ready</b>				
100% of interfaces; services; policy-enforcement controls; and data correctness, availability and processing in the joint architecture.	100% of interfaces; services; policy-enforcement controls; and data correctness, availability and processing in the joint architecture.	100% of interfaces; services; policy-enforcement controls; and data correctness, availability and processing requirements present in the Block 5.4 configuration designated as enterprise-level or critical in the joint integrated architecture.	Objective met with the incorporation of Block 5.4	100% of interfaces; services; policy-enforcement controls; and data correctness, availability and processing in the joint architecture.
<b>Range with 25000 lb Cargo Load</b>				
2,700 nm	2,700 nm	The C-130J deployment range, at long-range cruise airspeeds, mean cruise weight fuel flow, a cruise altitude of 27,000 ft or above, 6,700 lbs reserve fuel overhead destination with a 25,000 lb cargo payload, and the conditions stated above, the deployment range must be 2,460 nm	2,700 nm	2,700 nm
<b>Maximum Effort Ground Roll</b>				
The maximum effort landing ground roll at 135,000 lbs will not exceed 1800 ft	The maximum effort landing ground roll at 135,000 lbs will not exceed 1800 ft	The maximum effort landing ground roll at 135,000 lbs will not exceed 1800 ft	1800 ft	The maximum effort landing ground roll at 135,000 lbs will not exceed 1800 ft
<b>Maximum Effort Takeoff Run</b>				
2700 ft	2700 ft	The aircraft shall be able to perform a maximum effort take off from a prepared surface at sea level, standard day, no wind, and maximum gross weight of 164,000 lbs in 3,300 ft	2700 ft	2700 ft

### Requirements Reference

Operational Requirements Letter (ORL) Change 3 dated February 14, 2009

**Change Explanations**

None

**Notes**

ORL Change 3 was clarified on November 12, 2013 with no changes to the KC-130J Performance Characteristics.

**Acronyms and Abbreviations**

ft - Feet  
lbs - Pounds  
nm - Nautical Miles

### Track to Budget

**RDT&E**

Appn	BA	PE		
Navy	1319	05	0605430N	
	<b>Project</b>	<b>Name</b>		
	3199	C/KC-130 Avionics Modernization Program		(Sunk)

**Procurement**

Appn	BA	PE		
Navy	1506	04	0502379N	
	<b>Line Item</b>	<b>Name</b>		
	0416	KC-130J		(Sunk)
	<b>Notes:</b>	Direct Support Squadron		
Navy	1506	04	0502504M	
	<b>Line Item</b>	<b>Name</b>		
	0416	KC-130J		
	<b>Notes:</b>	KC-130/VMGR Squadrons (Marine Corps Reserves)		
Navy	1506	04	0206127M	
	<b>Line Item</b>	<b>Name</b>		
	0416	KC-130J		(Sunk)
	<b>Notes:</b>	KC-130J Squadrons (Marine Air Wing)		
Navy	1506	06	0502379N	
	<b>Line Item</b>	<b>Name</b>		
	0605	Spares & Repair Parts		(Shared) (Sunk)
	<b>Notes:</b>	Direct Support Squadron		
Navy	1506	06	0502504M	
	<b>Line Item</b>	<b>Name</b>		
	0605	Spares & Repair Parts		(Shared)
	<b>Notes:</b>	KC-130/VMGR Squadrons (Marine Corps Reserves)		
Navy	1506	06	0206127M	
	<b>Line Item</b>	<b>Name</b>		
	0605	Spares & Repair Parts		(Shared) (Sunk)
	<b>Notes:</b>	KC-130J Squadrons (Marine Air Wing)		
Defense-Wide	0350	00		
	<b>Line Item</b>	<b>Name</b>		
	1301	National Guard Reserve Equipment		

**Notes**

PEs 0502379N and 0206127M will be used to procure aircraft beyond FY 2020.

VMGR is a Marine Aerial Refueler Transport Squadron.

## Cost and Funding

### Cost Summary

Total Acquisition Cost							
Appropriation	BY 2010 \$M			BY 2010 \$M	TY \$M		
	SAR Baseline Production Estimate	Current APB Production Objective/Threshold		Current Estimate	SAR Baseline Production Estimate	Current APB Production Objective	Current Estimate
RDT&E	35.6	35.6	39.2	38.1	35.5	35.5	37.8
Procurement	9198.3	9198.3	10118.1	8798.7	9846.3	9846.3	9862.0
Flyaway	--	--	--	7606.6	--	--	8572.0
Recurring	--	--	--	7449.2	--	--	8386.6
Non Recurring	--	--	--	157.4	--	--	185.4
Support	--	--	--	1192.1	--	--	1290.0
Other Support	--	--	--	761.5	--	--	824.0
Initial Spares	--	--	--	430.6	--	--	466.0
MILCON	0.0	0.0	--	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	--	0.0	0.0	0.0	0.0
Total	9233.9	9233.9	N/A	8836.8	9881.8	9881.8	9899.8

#### Confidence Level

Confidence Level of cost estimate for current APB: 50%

The current APB cost estimate provided sufficient resources to execute the program under normal conditions, encountering average levels of technical, schedule and programmatic risk and external interference. It was consistent with average resource expenditures on historical efforts of similar size, scope, and complexity and represents a notional 50% confidence level when established.

Total Quantity			
Quantity	SAR Baseline Production Estimate	Current APB Production	Current Estimate
RDT&E	0	0	0
Procurement	104	104	104
Total	104	104	104

## Cost and Funding

### Funding Summary

Appropriation Summary									
FY 2016 President's Budget / December 2014 SAR (TY\$ M)									
Appropriation	Prior	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	To Complete	Total
RDT&E	37.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.8
Procurement	3975.4	92.6	220.7	164.8	178.2	216.9	262.1	4751.3	9862.0
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2016 Total	4013.2	92.6	220.7	164.8	178.2	216.9	262.1	4751.3	9899.8
PB 2015 Total	4009.4	92.5	123.4	154.1	99.9	140.2	542.1	5881.8	11043.4
Delta	3.8	0.1	97.3	10.7	78.3	76.7	-280.0	-1130.5	-1143.6

Quantity Summary										
FY 2016 President's Budget / December 2014 SAR (TY\$ M)										
Quantity	Undistributed	Prior	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	52	1	2	2	2	2	2	41	104
PB 2016 Total	0	52	1	2	2	2	2	2	41	104
PB 2015 Total	0	52	1	1	2	1	1	4	42	104
Delta	0	0	0	1	0	1	1	-2	-1	0

## Cost and Funding

### Annual Funding By Appropriation

Annual Funding							
1319   RDT&E   Research, Development, Test, and Evaluation, Navy							
Fiscal Year	Quantity	TY \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
2008	--	--	--	--	--	--	22.4
2009	--	--	--	--	--	--	14.1
2010	--	--	--	--	--	--	1.3
Subtotal	--	--	--	--	--	--	37.8

Annual Funding 1319   RDT&E   Research, Development, Test, and Evaluation, Navy							
Fiscal Year	Quantity	BY 2010 \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
2008	--	--	--	--	--	--	22.7
2009	--	--	--	--	--	--	14.1
2010	--	--	--	--	--	--	1.3
Subtotal	--	--	--	--	--	--	38.1

Annual Funding 1506   Procurement   Aircraft Procurement, Navy								
Fiscal Year	Quantity	TY \$M						
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program	
1997	3	162.6	--	--	162.6	38.9	201.5	
1998	2	110.1	--	--	110.1	7.1	117.2	
1999	2	107.0	--	--	107.0	4.1	111.1	
2000	1	62.3	--	1.2	63.5	7.7	71.2	
2001	3	195.8	--	--	195.8	53.5	249.3	
2002	2	138.2	--	--	138.2	30.3	168.5	
2003	4	284.6	--	--	284.6	45.1	329.7	
2004	--	42.8	--	--	42.8	95.9	138.7	
2005	4	289.5	--	--	289.5	52.7	342.2	
2006	8	460.7	--	14.3	475.0	87.5	562.5	
2007	3	176.9	--	14.3	191.2	53.1	244.3	
2008	13	775.9	--	17.5	793.4	40.9	834.3	
2009	2	103.2	--	3.0	106.2	38.6	144.8	
2010	--	--	--	--	--	--	--	
2011	--	--	--	--	--	--	--	
2012	1	69.6	--	1.9	71.5	14.7	86.2	
2013	3	230.3	--	--	230.3	--	230.3	
2014	1	92.7	--	2.0	94.7	14.6	109.3	
2015	1	56.8	--	2.0	58.8	33.8	92.6	
2016	2	157.6	--	4.0	161.6	59.1	220.7	
2017	2	146.9	--	4.1	151.0	13.8	164.8	
2018	2	151.9	--	4.2	156.1	22.1	178.2	
2019	2	183.1	--	16.3	199.4	17.5	216.9	
2020	2	228.0	--	4.4	232.4	29.7	262.1	
2021	5	551.7	--	11.2	562.9	71.1	634.0	
2022	10	996.2	--	22.9	1019.1	116.8	1135.9	
2023	10	968.6	--	23.3	991.9	104.4	1096.3	
2024	6	618.2	--	14.3	632.5	108.0	740.5	
2025	5	542.1	--	12.1	554.2	46.9	601.1	
2026	5	483.3	--	12.4	495.7	47.8	543.5	
Subtotal	104	8386.6	--	185.4	8572.0	1255.7	9827.7	

Annual Funding 1506   Procurement   Aircraft Procurement, Navy							
Fiscal Year	Quantity	BY 2010 \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
1997	3	199.2	--	--	199.2	47.6	246.8
1998	2	133.3	--	--	133.3	8.6	141.9
1999	2	127.9	--	--	127.9	4.9	132.8
2000	1	73.5	--	1.4	74.9	9.1	84.0
2001	3	228.3	--	--	228.3	62.4	290.7
2002	2	159.1	--	--	159.1	34.9	194.0
2003	4	321.3	--	--	321.3	50.9	372.2
2004	--	47.1	--	--	47.1	105.4	152.5
2005	4	309.7	--	--	309.7	56.3	366.0
2006	8	479.5	--	14.9	494.4	91.1	585.5
2007	3	179.9	--	14.5	194.4	54.1	248.5
2008	13	777.5	--	17.5	795.0	41.0	836.0
2009	2	102.0	--	3.0	105.0	38.1	143.1
2010	--	--	--	--	--	--	--
2011	--	--	--	--	--	--	--
2012	1	65.0	--	1.8	66.8	13.7	80.5
2013	3	212.7	--	--	212.7	--	212.7
2014	1	84.3	--	1.8	86.1	13.3	99.4
2015	1	50.8	--	1.8	52.6	30.2	82.8
2016	2	138.4	--	3.5	141.9	51.9	193.8
2017	2	126.5	--	3.5	130.0	12.0	142.0
2018	2	128.3	--	3.5	131.8	18.7	150.5
2019	2	151.6	--	13.5	165.1	14.5	179.6
2020	2	185.1	--	3.6	188.7	24.1	212.8
2021	5	439.1	--	8.9	448.0	56.6	504.6
2022	10	777.4	--	17.9	795.3	91.1	886.4
2023	10	741.0	--	17.8	758.8	79.9	838.7
2024	6	463.7	--	10.7	474.4	81.0	555.4
2025	5	398.6	--	8.9	407.5	34.5	442.0
2026	5	348.4	--	8.9	357.3	34.5	391.8
Subtotal	104	7449.2	--	157.4	7606.6	1160.4	8767.0

Cost Quantity Information		
1506   Procurement   Aircraft Procurement, Navy		
Fiscal Year	Quantity	End Item Recurring Flyaway (Aligned With Quantity) BY 2010 \$M
1997	3	199.2
1998	2	133.3
1999	2	128.0
2000	1	73.5
2001	3	228.3
2002	2	159.1
2003	4	313.9
2004	--	--
2005	4	309.9
2006	8	483.4
2007	3	181.6
2008	13	793.7
2009	2	132.0
2010	--	--
2011	--	--
2012	1	67.2
2013	3	193.1
2014	1	74.6
2015	1	54.4
2016	2	131.7
2017	2	133.8
2018	2	132.0
2019	2	151.6
2020	2	152.9
2021	5	385.5
2022	10	777.4
2023	10	784.0
2024	6	474.4
2025	5	398.7
2026	5	402.0
Subtotal	104	7449.2

Annual Funding							
0350   Procurement   National Guard and Reserve Equipment ,Defense							
Fiscal Year	Quantity	TY \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
2013	--	--	--	--	--	34.3	34.3
Subtotal	--	--	--	--	--	34.3	34.3

Annual Funding							
0350   Procurement   National Guard and Reserve Equipment ,Defense							
Fiscal Year	Quantity	BY 2010 \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
2013	--	--	--	--	--	31.7	31.7
Subtotal	--	--	--	--	--	31.7	31.7

## Low Rate Initial Production

There is no LRIP for this program.

### Foreign Military Sales

Country	Date of Sale	Quantity	Total Cost \$M	Description
Kuwait	5/4/2010	3	189.6	Aircraft were procured through the Air Force production contract. Deliveries were completed in FY 2014; this is the aircraft price. Total case value is \$541M. \$351.4M procured a Training Facility, one Weapons System Trainer, and three years of Operation and Sustainment support.

**Notes**

### Nuclear Costs

None

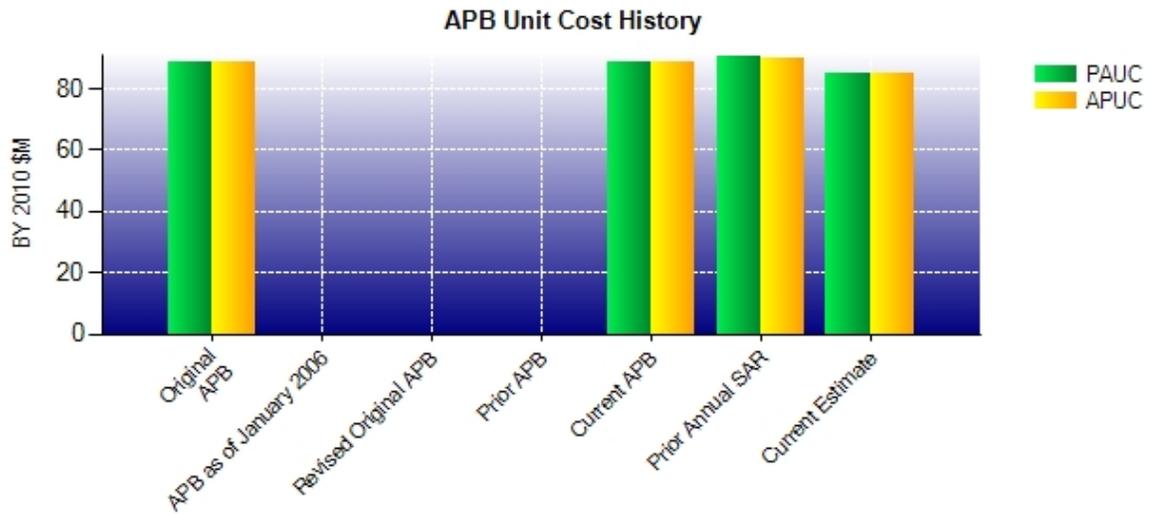
## Unit Cost

### Unit Cost Report

Item	BY 2010 \$M	BY 2010 \$M	% Change
	Current UCR Baseline (Feb 2011 APB)	Current Estimate (Dec 2014 SAR)	
<b>Program Acquisition Unit Cost</b>			
Cost	9233.9	8836.8	
Quantity	104	104	
Item	88.788	84.969	-4.30
<b>Average Procurement Unit Cost</b>			
Cost	9198.3	8798.7	
Quantity	104	104	
Unit Cost	88.445	84.603	-4.34

Item	BY 2010 \$M	BY 2010 \$M	% Change
	Original UCR Baseline (Feb 2011 APB)	Current Estimate (Dec 2014 SAR)	
<b>Program Acquisition Unit Cost</b>			
Cost	9233.9	8836.8	
Quantity	104	104	
Unit Cost	88.788	84.969	-4.30
<b>Average Procurement Unit Cost</b>			
Cost	9198.3	8798.7	
Quantity	104	104	
Unit Cost	88.445	84.603	-4.34

**Unit Cost History**



Item	Date	BY 2010 \$M		TY \$M	
		PAUC	APUC	PAUC	APUC
Original APB	Feb 2011	88.788	88.445	95.017	94.676
APB as of January 2006	N/A	N/A	N/A	N/A	N/A
Revised Original APB	N/A	N/A	N/A	N/A	N/A
Prior APB	N/A	N/A	N/A	N/A	N/A
Current APB	Feb 2011	88.788	88.445	95.017	94.676
Prior Annual SAR	Dec 2013	90.339	89.973	106.187	105.823
Current Estimate	Dec 2014	84.969	84.603	95.190	94.827

**SAR Unit Cost History**

Current SAR Baseline to Current Estimate (TY \$M)									
Initial PAUC Production Estimate	Changes								PAUC Current Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
95.017	1.658	0.000	6.344	2.242	-8.784	0.000	-1.287	0.173	95.190

Current SAR Baseline to Current Estimate (TY \$M)									
Initial APUC Production Estimate	Changes								APUC Current Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
94.676	1.660	0.000	6.344	2.242	-8.809	0.000	-1.287	0.150	94.827

SAR Baseline History				
Item	SAR Planning Estimate	SAR Development Estimate	SAR Production Estimate	Current Estimate
Milestone A	N/A	N/A	N/A	N/A
Milestone B	N/A	N/A	N/A	N/A
Milestone III	N/A	N/A	Jun 1996	Jun 1996
IOC	N/A	N/A	Feb 2005	Feb 2005
Total Cost (TY \$M)	N/A	N/A	9881.8	9899.8
Total Quantity	N/A	N/A	104	104
PAUC	N/A	N/A	95.017	95.190

## Cost Variance

Summary TY \$M				
Item	RDT&E	Procurement	MILCON	Total
SAR Baseline (Production Estimate)	35.5	9846.3	--	9881.8
Previous Changes				
Economic	-0.2	+269.8	--	+269.6
Quantity	--	--	--	--
Schedule	--	+1141.4	--	+1141.4
Engineering	--	+221.2	--	+221.2
Estimating	+2.5	-583.2	--	-580.7
Other	--	--	--	--
Support	--	+110.1	--	+110.1
Subtotal	+2.3	+1159.3	--	+1161.6
Current Changes				
Economic	--	-97.2	--	-97.2
Quantity	--	--	--	--
Schedule	--	-481.6	--	-481.6
Engineering	--	+12.0	--	+12.0
Estimating	--	-332.9	--	-332.9
Other	--	--	--	--
Support	--	-243.9	--	-243.9
Subtotal	--	-1143.6	--	-1143.6
Total Changes	+2.3	+15.7	--	+18.0
CE - Cost Variance	37.8	9862.0	--	9899.8
CE - Cost & Funding	37.8	9862.0	--	9899.8

Summary BY 2010 \$M				
Item	RDT&E	Procurement	MILCON	Total
SAR Baseline (Production Estimate)	35.6	9198.3	--	9233.9
Previous Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	+448.8	--	+448.8
Engineering	--	+158.8	--	+158.8
Estimating	+2.5	-491.9	--	-489.4
Other	--	--	--	--
Support	--	+43.2	--	+43.2
Subtotal	+2.5	+158.9	--	+161.4
Current Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	-149.0	--	-149.0
Engineering	--	+9.8	--	+9.8
Estimating	--	-253.6	--	-253.6
Other	--	--	--	--
Support	--	-165.7	--	-165.7
Subtotal	--	-558.5	--	-558.5
Total Changes	+2.5	-399.6	--	-397.1
CE - Cost Variance	38.1	8798.7	--	8836.8
CE - Cost & Funding	38.1	8798.7	--	8836.8

Previous Estimate: December 2013

Procurement	\$M	
	Base Year	Then Year
Current Change Explanations		
Revised escalation indices. (Economic)	N/A	-97.2
Schedule variance resulting from an acceleration of the procurement buy profile, compressing the end of production from FY 2031 to FY 2026. (Schedule)	0.0	-245.6
Additional Schedule Variance resulting from an acceleration of the procurement buy profile. (Schedule)	-149.0	-236.0
Incorporation of Non-Recurring Engineering for production line cut-in of Block Upgrades. (Engineering)	+9.8	+12.0
Adjustment for current and prior escalation. (Estimating)	+2.9	+3.0
Reduced airframe out year inflation to be consistent with United States Air Force assumptions. (Estimating)	-256.5	-335.9
Adjustment for current and prior escalation. (Support)	+1.0	+1.2
Decrease in Other Support driven by the acceleration of the procurement buy profile, eliminating five years of production support costs. (Support)	-161.2	-227.1
Decrease in Initial Spares due to acceleration of the procurement buy profile and revised estimates within the FYDP. (Support)	-5.5	-18.0
Procurement Subtotal	-558.5	-1143.6

## Contracts

### Contract Identification

**Appropriation:** Procurement  
**Contract Name:** Systems Engineering and Logistics Support Sustainment (SELSS)  
**Contractor:** Lockheed Martin Corporation  
**Contractor Location:** 86 South Cobb Drive  
 Marietta, GA 30060  
**Contract Number:** N00019-14-D-0006/1  
**Contract Type:** Firm Fixed Price (FFP)  
**Award Date:** December 26, 2013  
**Definitization Date:** December 26, 2013

Contract Price							
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
49.3	N/A	0	57.3	N/A	0	57.3	57.3

### Target Price Change Explanation

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to obligations to meet added fleet requirements for spare parts and support equipment.

### Cost and Schedule Variance Explanations

Cost and Schedule Variance reporting is not required on this (FFP) contract.

**Contract Identification**

**Appropriation:** Procurement  
**Contract Name:** Multi-Year Model Contract  
**Contractor:** Lockheed Martin Corporation  
**Contractor Location:** 86 South Cobb Drive  
 Marietta, GA 30060  
**Contract Number:** FA8625-14-C-6450/1  
**Contract Type:** Firm Fixed Price (FFP)  
**Award Date:** December 09, 2013  
**Definitization Date:**

Contract Price							
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
408.0	N/A	6	552.6	N/A	8	552.6	552.6

**Target Price Change Explanation**

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to the addition of two aircraft.

**Cost and Schedule Variance Explanations**

Cost and Schedule Variance reporting is not required on this (FFP) contract.

**Notes**

The December 2013 SAR reported the Advanced Procurement dollars only in the amount of \$169.7M. The actual initial target price for the original quantity of six aircraft is \$408.0M.

**Contract Identification**

**Appropriation:** Procurement  
**Contract Name:** C-130J Five Year Option Contract IV  
**Contractor:** Lockheed Martin Corporation  
**Contractor Location:** 86 South Cobb Drive  
 Marietta, GA 30060  
**Contract Number:** FA8625-11-C-6597  
**Contract Type:** Firm Fixed Price (FFP)  
**Award Date:** March 16, 2011  
**Definitization Date:** March 16, 2011

Contract Price							
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
269.3	N/A	4	269.3	N/A	4	269.3	269.3

**Cost and Schedule Variance Explanations**

Cost and Schedule Variance reporting is not required on this (FFP) contract.

**Notes**

The December 2013 SAR reported the Initial Contract Price Target as \$71.2M, an administrative error. The actual initial target price for four aircraft was \$269.3M.

The Five Year Option Contract IV was awarded March 16, 2011. This Delivery Order for United States Marine Corps Congressional Adds is planned to be definitized by September 30, 2015.

**Contract Identification**

**Appropriation:** Procurement  
**Contract Name:** Mission Care II  
**Contractor:** Rolls-Royce Corporation  
**Contractor Location:** 2355 South Tibbs Avenue  
 Indianapolis, IN 46241  
**Contract Number:** N00019-14-D-0028/1  
**Contract Type:** Firm Fixed Price (FFP)  
**Award Date:** March 24, 2014  
**Definitization Date:** March 24, 2014

Contract Price								
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)		
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager	
52.7	N/A	0	57.7	N/A	0	57.7	57.7	

**Target Price Change Explanation**

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to pricing of CLINs that were not priced at original contract award.

**Cost and Schedule Variance Explanations**

Cost and Schedule Variance reporting is not required on this (FFP) contract.

**Notes**

This is the first time this contract is being reported.

### Deliveries and Expenditures

Deliveries				
Delivered to Date	Planned to Date	Actual to Date	Total Quantity	Percent Delivered
Development	0	0	0	--
Production	47	47	104	45.19%
Total Program Quantity Delivered	47	47	104	45.19%

Expended and Appropriated (TY \$M)			
Total Acquisition Cost	9899.8	Years Appropriated	19
Expended to Date	3619.5	Percent Years Appropriated	63.33%
Percent Expended	36.56%	Appropriated to Date	4105.8
Total Funding Years	30	Percent Appropriated	41.47%

The above data is current as of February 25, 2015.

## Operating and Support Cost

### Cost Estimate Details

<b>Date of Estimate:</b>	January 27, 2015
<b>Source of Estimate:</b>	POE
<b>Quantity to Sustain:</b>	104
<b>Unit of Measure:</b>	Aircraft
<b>Service Life per Unit:</b>	40.00 Years
<b>Fiscal Years in Service:</b>	FY 2001 - FY 2068

This is the fourth update for the KC-130J O&S cost estimate since the Navy SCP was established in 2010. Naval Visibility and Management of Operating and Support Costs (VAMOSOC) data from FY 2001 through FY 2013, or FY 2014 where it was available, was used to establish the KC-130J baseline. Projections based on the historical costs in VAMOSOC provide the majority of the out year estimates. A phased approach estimate includes the ramp-up of aircraft as they are introduced to the fleet through the retirement of the KC-130J aircraft from service with a total aircraft procurement of 104 (maximum Program Aircraft Authorized (PAA) of 94).

### Sustainment Strategy

The KC-130J Sustainment Strategy is based upon four key pillars. The first pillar concerns KC-130J Depot Source of Repair. Aviation Logistics Command (ALC) located at Hill Air Force Base (AFB), Ogden, UT is the primary Depot-Level maintenance facility for the aircraft. Korean Airlines in Busan, Korea is the Depot-Level maintenance facility to support aircraft located in Iwakuni, Japan, as well as a back-up facility for Hill AFB, UT.

The second pillar is the use of commercial sustainment contracts to help support the KC-130J airframe and propulsion systems. Support of fielded aircraft is currently accomplished through two sole source Naval Air Systems Command sustainment contracts. Airframe sustainment contract is with Lockheed Martin Aero and the propulsion contract is with Rolls Royce Corporation, Indianapolis, IN. Both Original Equipment Manufacturers assert restrictions on the government's right to use and release their proprietary technical data due the commercial origin of their products. Lack of rights to proprietary data precludes establishment of organic or open competition for these sustainment services.

The third pillar involves KC-130J peculiar component support for 218 repairable and 505 consumable items maintained under an Interim Spares Support program. This support is currently managed by the Program Office and Naval Supply Systems Command (NAVSUP) Weapon System Support (WSS) that encompasses the management of products, supply chain, inventory, material movement, and warehousing until Material Support Date scheduled for 1 October 2016 when all management will be transitioned to NAVSUP WSS.

The last pillar involves KC-130J common component support. This support is provided through the normal military supply system which includes NAVSUP WSS, United States Air Force (USAF) ALC's, and Defense Logistics Agency.

### Antecedent Information

The antecedent systems are the KC-130F, KC-130R, and C/KC-130T aircraft. KC-130F and KC-130R were used in a blended analysis to compare to the KC-130J. C/KC-130T reserve squadron aircraft data is not included in the Antecedent Average Annual Cost per Aircraft, and it should be noted that the KC-130F/R models were in ramp down phase during the time that data was available. Additionally, both the KC-130F and KC-130R were ACAT II programs that relied heavily on USAF program sustainment. KC-130J aircraft will replace the KC-130F, KC-130R, and C/KC-130T aircraft one-for-one.

The capture of O&S data in available reporting systems has changed significantly over time. Antecedent systems began

their service life before continuous, reliable recording systems were available. VAMOSC provides costs for FY 1997 to present. The cost data for platforms in existence prior to 1997 is either unavailable or incomplete. In summary, sufficient historical data and resources do not exist to create a credible comparison of Total O&S Costs.

A data pull from the VAMOSC Aircraft Type Model Series Report was made in January 2014 to obtain Maintenance, Sustaining Support, and Continuing System Improvements cost data. The steady state average of this data from 1999 to 2001 was used. The VAMOSC total aircraft number for these years was 47, 48, and 48 respectively. The Unit Level Manpower and Indirect Support costs were assumed to be the same as for the KC-130J. The Unit Operations costs were calculated using December 2012 Cost Adjustment and Visibility Tracking System data from 1995 to 2009 to obtain the fuel consumption ratio of the antecedent aircraft to the KC-130J. The antecedent average annual cost was then multiplied by the KC-130J total operating aircraft years to find the total BY antecedent cost.

For comparison purposes, the Base Year Antecedent Total O&S Cost is the product of the Antecedent's Average Annual Cost per Aircraft and the Operational Aircraft Years of the KC-130J.

Annual O&S Costs BY2010 \$M			
Cost Element	KC-130J		KC-130 F/R/T (Antecedent)
	Average Annual Cost Per Aircraft		Average Annual Cost Per Aircraft
Unit-Level Manpower	2.021		2.021
Unit Operations	1.639		1.328
Maintenance	4.071		1.869
Sustaining Support	0.393		0.124
Continuing System Improvements	0.432		0.293
Indirect Support	0.728		0.728
Other	--		--
<b>Total</b>	<b>9.284</b>		<b>6.363</b>

Item	Total O&S Cost \$M			
	KC-130J			KC-130 F/R/T (Antecedent)
	Current Production APB Objective/Threshold	Current Estimate		
<b>Base Year</b>	43344.2	47678.6	36083.6	24733.4
<b>Then Year</b>	77520.4	N/A	58760.6	N/A

**Equation to Translate Annual Cost to Total Cost**

The Average Annual Cost per Aircraft for the KC-130J is calculated by dividing the Total O&S Cost by the Total Operational Aircraft Years for the program. Total Operational Aircraft Years is 3,887 years.  $\$36,083.6M / 3,887 \text{ years} = \$9.284M/\text{year}$ .

The Total Operational Aircraft Years is calculated by summing the annual total active aircraft constrained by the maximum PAA excluding the test wing aircraft (93 aircraft maximum). The primary input for this is the Aircraft Program Data File produced by Office of the Chief of Naval Operations N98.

O&S Cost Variance		
Category	BY 2010 \$M	Change Explanations

Prior SAR Total O&S Estimates - Dec 2013 SAR	37904.5	
Programmatic/Planning Factors	-721.7	Updated procurement schedule, reduced flying hours, and updated Aircraft Procurement Modification costs per FY 2016 PB
Cost Estimating Methodology	-7.0	Revised Harvest Hercules Airborne Weapons Kit (HAWK) calculation method
Cost Data Update	-201.5	Updated historical cost information, to include FY 2013 actuals, and FY 2014 where available, and inflation index update.
Labor Rate	-161.4	Updated to 2015 Military and Indirect pay rates
Energy Rate	-729.3	Updated cost per gallon for fuel, and changed from 2011 to 2015 fuel inflation index
Technical Input	0.0	
Other	0.0	
<b>Total Changes</b>	<b>-1820.9</b>	
<b>Current Estimate</b>	<b>36083.6</b>	

The three primary drivers to the variance are the shift from the 2011 to 2015 fuel inflation index, the use of a lower cost per gallon for fuel, and the effects of a shorter program life. Program life was shortened by five years as a result of the accelerated PB 2016 aircraft delivery schedule, compressing the end of service from FY 2073 to FY 2068. All three of these combine resulting in a reduced program life estimate.

#### Disposal Estimate Details

**Date of Estimate:** January 16, 2015  
**Source of Estimate:** POE  
**Disposal/Demilitarization Total Cost (BY 2010 \$M):** Total costs for disposal of all Aircraft are 25.0

This Rough Order of Magnitude estimate will be refined as the System Disposal Plan Annex to the Life Cycle Sustainment Plan is developed.