



Selected Acquisition Report (SAR)

RCS: DD-A&T(Q&A)823-334



P-8A Poseidon Multi-Mission Maritime Aircraft (P-8A)

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

P-8A Poseidon Multi-Mission Maritime Aircraft (P-8A)

DoD Component

Navy

Responsible Office

CAPT Scott Dillon
PMA-290, Maritime Patrol & Reconnaissance Aircraft
Program Executive Office, Air Anti-Submarine Warfare,
Assault and Special Mission Programs
22347 Cedar Point Rd, Building 2185, STE 3190, Unit 6
Patuxent River, MD 20670-1161

Phone: 301-757-5703**Fax:** 301-757-5681**DSN Phone:** 757-5703**DSN Fax:** 757-5681**Date****Assigned:** May 29, 2012william.dillon@navy.mil

References

SAR Baseline (Production Estimate)

Defense Acquisition Executive (DAE) Approved Acquisition Program Baseline (APB) dated October 22, 2010

Approved APB

Defense Acquisition Executive (DAE) Approved Acquisition Program Baseline (APB) dated February 5, 2014

Mission and Description

The primary roles of P-8A Poseidon Multi-mission Maritime Aircraft (P-8A) are persistent Anti-Submarine Warfare and Anti-Surface Warfare. The P-8A is the replacement system for the P-3C, Orion. The P-8A, is based on the 737-800 ERX developed by The Boeing Company. The management of the contracted effort is located at The Boeing Company in Seattle, Washington. The system requirements are based on the P-8A CPD #791-88-09, validated and approved on June 22, 2009. The P-8A system will sustain and improve the armed maritime and littoral Intelligence, Surveillance, and Reconnaissance capabilities for United States Naval forces in traditional, joint and combined roles to counter changing and emerging threats. The P-8A program is structured on an evolutionary systems replacement approach that aligns the processes employed for requirements definition, acquisition strategy, and system development into a dynamic and flexible means to attain the strategic vision for tomorrow's Naval forces. The P-8A is part of the Maritime Patrol and Reconnaissance Force Family of Systems that also includes the MQ-4C Triton Unmanned Aircraft System, the EP-3, and the Tactical Operations Center.

Executive Summary

Program Highlights Since Last Report: In 2014, the P-8A Poseidon program remained focused on aircraft production, deliveries, modifications and site stand-up in support of Fleet transition. Current program focus also includes the full transition of supply chain management to Naval Supply Systems Command at FY 2016 Material Support Date, procurement of Depot and Intermediate level maintenance capabilities, Full Scale Fatigue Testing and Inc 2 Integration and Test. Inc 1 Follow-On Test and Evaluation (FOT&E) report was released by Commander, Operational Test Force (COMOPTEVFOR) in July 2014 and concluded P-8A was effective and suitable for armed Airborne Anti- Surface Warfare capability. The FOT&E report also indicated successful verification of corrected targeted deficiencies with improvements noted in radar, communication, and other mission critical areas. Additionally, a Verification of Corrected Deficiencies period for Inc 1 deficiencies is planned for 3rd quarter, FY 2015. FOT&E for the P-8A Inc 2 Engineering Change Proposal (ECP) 1, "Early Multi-Static Active Coherent (MAC)," commenced November 15, 2014. The U.S. Navy (USN) is on track to field the ECP 1 "Early MAC" capability in FY 2015, which will be followed by Inc 2 ECP 2 "Full MAC" capabilities in FY 2016. The Inc 2 ECP 3 contract for High Altitude ASW Weapons Capability (HAAWC) capabilities was awarded in December 2014. Aircraft production and delivery continues on schedule in support of the on-going transition of Fleet squadrons from P-3C to P-8A. Five lots of production aircraft, including 53 aircraft, trainers, spares and support equipment, are on contract with Boeing Defense Space and Security (BDS). As of December 2014, the Fleet Replacement Squadron (FRS) has taken delivery of 21 aircraft on or ahead of schedule.

The P-8A Integrated Training Center at Naval Air Station (NAS) Jacksonville, Florida continues to meet training requirements of the FRS and transitioning squadrons. Continuous 7th Fleet operational deployments are underway. The P-8A first operational deployment was completed in June 2014, and the second operational squadron deployed July 2014. The third operational squadron is on track to deploy February 2015. The fourth operational squadron commenced transition training on August 4, 2014.

There are two P-8A Memorandums of Understanding (MOUs) in effect between the U.S. and Australia. The Inc 2 MOU, signed April 2009, authorizes Australian participation in P-8A Inc 2 development. The Production, Sustainment, and Follow-on Development MOU, signed March 2012, authorizes Australian procurement of Inc 2 capable P-8 aircraft, participation in development of common sustainment strategies for the life of the aircraft, and participation in development of new platform capabilities. The Australian government announced in February 2014 its plan to purchase 8 P-8A aircraft and supporting infrastructure. The USN initiated procurement of Australian support equipment, initial spares and long lead aircraft components in 2014. The anticipated aircraft contract award is May 2015 for the first 4 Australian aircraft, along with 9 FY 2015 USN FRP II (Lot VI) aircraft, for a total of 13 aircraft.

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

History of Significant Developments Since Program Initiation:

February 29, 2000: The Broad Area Maritime and Littoral Armed Intelligence Surveillance and Reconnaissance Mission Needs Statement was validated and approved by the JROC.

April 17, 2000: The P-8A Poseidon (formerly Multi-Mission Maritime Aircraft (MMA)) program received Milestone 0 approval to enter Concept Exploration.

January 18, 2002: P-8A received approval to enter the Component Advanced Development (CAD) work effort on January 18, 2002. CAD included competitively awarded contracts to Lockheed Martin for the Orion 21 concept (P-3 derivative) and to Boeing for the military derivative of the 737 aircraft.

December 3, 2003: The MMA ORD/CDD was validated and approved by JROC.

May 28, 2004: The USD (AT&L) approved the program and entry into System Development and Demonstration (SDD) after completing a successful Milestone B DAB Review.

June 4, 2004: Milestone B ADM signed.

June 14, 2004: The SDD contract was awarded to BDS (formerly, McDonnell Douglas Corporation, a wholly-owned subsidiary of The Boeing Company) for the 737-800 ERX based system. The contracted effort included the design and development of Systems Integration Labs and the design, development, and build of ground and flight test articles.

June 11-15, 2007: The P-8A program completed the Critical Design Review.

August 27, 2007: The P-8A program completed the Design Readiness Review.

December 2007: The P-8A program initiated the fabrication of its first flight test aircraft at Spirit AeroSystems in Wichita, Kansas.

April 2008: The P-8A program conducted the Integration Readiness Review.

December 23, 2008: The Record of Decision was approved for basing 12 P-8A squadrons and 1 FRS at NAS Jacksonville, Florida, NAS Whidbey Island, Washington, and Marine Corps Base Hawaii at Kaneohe Bay, Hawaii.

April 2009: Australia joined as a cooperative partner of P-8A Inc 2.

April 13, 2009: The P-8A program completed the Interim Program Review and awarded the Advance Acquisition Contract for LRIP Advance Procurement.

May 2009: The P-8A program conducted Test Readiness Reviews for the first flight test aircraft and the first ground test aircraft for static test.

September 2009: The Operational Assessment was initiated utilizing the Weapon System Integration Lab.

August 27, 2010: The USD (AT&L) signed the Milestone C ADM granting authorization to: proceed with LRIP Lots I through III that included 6 aircraft in FY 2010, 7 aircraft in FY 2011, and 11 aircraft in FY 2012. In addition, the Milestone C ADM approved the request to obligate FY 2012 Advanced Procurement funding for FRP and authorized the Navy to proceed with Automatic Identification System, MAC, HAAWC, Rapid Capability Insertion, Acoustics Algorithms, and Tactical Operations Center updates. The USD (AT&L) also certified the P-8A program in accordance with section 2366b of Title 10, United States Code (U.S.C.), waiving two elements in that certification, namely 2366b(a)(1)(B) and 2366b(a)(1)(D), affordability and funding.

January 21, 2011: The LRIP Lot I contract was definitized for 6 aircraft.

April 13, 2011: The USD (AT&L) documented in a Memorandum for the Record that the P-8A program satisfied the previously waived affordability and funding provisions of section 2366b of Title 10, U.S.C.

November 3, 2011: The LRIP Lot II contract was definitized for 7 aircraft.

September 21, 2012: The LRIP Lot III contract was definitized for 11 aircraft.

February 2013: Live Fire Test and Evaluation completed.

March 2013: The P-8A Poseidon successfully completed Initial Operational Test and Evaluation (IOT&E).

July 2013: The IOT&E report released by COMOPTEVFOR rated the P-8A as operationally effective, operationally suitable, and recommended Fleet introduction.

July 15, 2013: In order to maintain fleet transition rates, the USD (AT&L) approved a change to the P-8A Acquisition Strategy to add a fourth lot of 13 LRIP aircraft in FY 2013.

July 30, 2013: The LRIP Lot IV contract was definitized for 13 aircraft.

September 2013: Integrated testing of deficiency corrections and the Harpoon Anti-Surface Warfare weapon integration were successfully completed.

December 2013: The P-8A achieved IOC and commenced first Fleet operational deployment.

January 3, 2014: The USD (AT&L) signed the FRP ADM approving the FRP decision.

February 25, 2014: The FRP I (Lot V) contract was definitized for 16 aircraft.

Threshold Breaches

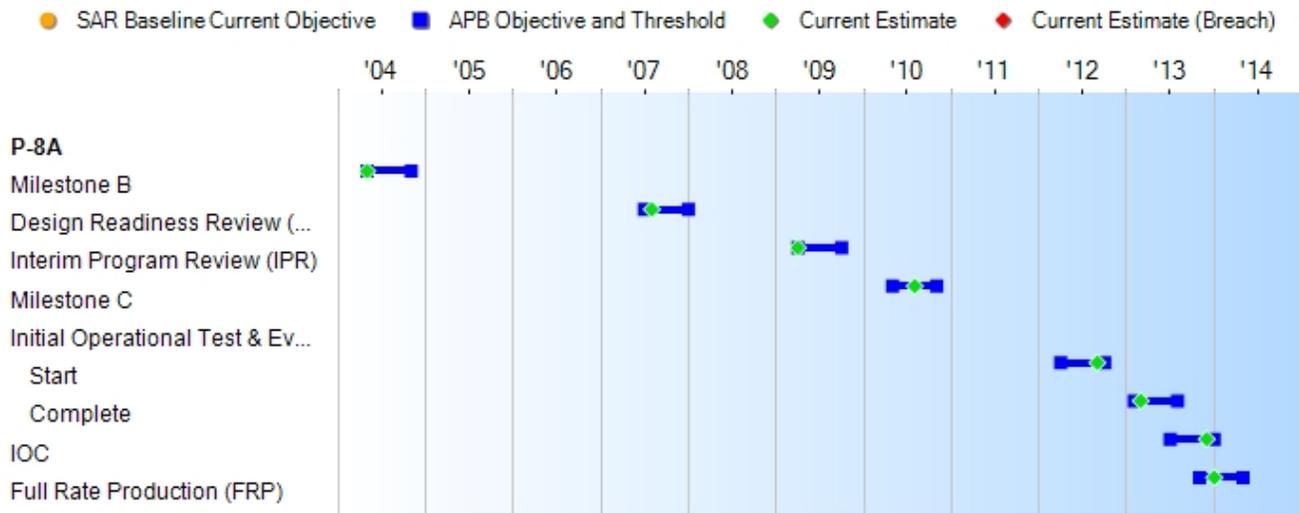
APB Breaches

- 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
Milestone B	May 2004	May 2004	Nov 2004	May 2004
Design Readiness Review (DRR)	Jul 2007	Jul 2007	Jan 2008	Aug 2007
Interim Program Review (IPR)	Apr 2009	Apr 2009	Oct 2009	Apr 2009
Milestone C	May 2010	May 2010	Nov 2010	Aug 2010
Initial Operational Test & Evaluation (IOT&E)				
Start	Apr 2012	Apr 2012	Oct 2012	Sep 2012
Complete	Feb 2013	Feb 2013	Aug 2013	Mar 2013
IOC	Jul 2013	Jul 2013	Jan 2014	Dec 2013 (Ch-1)
Full Rate Production (FRP)	Apr 2013	Nov 2013	May 2014	Jan 2014

Change Explanations

(Ch-1) IOC current estimate changed from November 2013 to December 2013 to align IOC achievement with commencement of first fleet operational deployment.

Performance

Performance Characteristics				
SAR Baseline Production Estimate	Current APB Production Objective/Threshold	Demonstrated Performance	Current Estimate	
Mission Radius/Endurance Subsurface attack (nm)				
>=1,600/>=4	>=1,600/>=4	1,200/4	1,262	1,262
Mixed Stores Loadout (ASW)(lbs)				
12,500	12,500	10,000	13,275	25,000
Initial On-station Altitude (ft)				
49,000	49,000	25,000	39,000	39,000
Operational Availability (ASW)				
.8	(Objective = Threshold) .8	.8	.67	.8 at IOC plus 2 years
Force Protection (%)				
100	(Objective = Threshold) 100	100	100	100
Net-Ready				
Fully support execution of joint operational activities	Fully support execution of joint operational activities	Fully support execution of joint critical operational activities	Fully support execution of joint operational activities. JITC certification letter signed October 25, 2013.	Fully support execution of joint operational activities

Classified Performance information is provided in the classified annex to this submission.

Requirements Reference

Capability Production Document (CPD) (Increment 1) dated June 22, 2009 and Capability Development Document (CDD) (Increment 2 and 3) dated June 25, 2010

Change Explanations

None

Notes

Joint Requirements Oversight Council Memorandum 111-09 dated June 22, 2009 approved the P-8A Increment 1 CPD (Serial # 791-88-09). In the Milestone C ADM, the USD(AT&L) authorized the following capabilities to be acquired as ECPs within the baseline program: Automatic Identification System, Multi-static Active Coherent, High Altitude Anti-Submarine Warfare Weapon Capability and Sensors, Rapid Capability Insertion Acoustics Algorithms, and Tactical Operations Center updates. These ECPs provide additional capabilities beyond the P-8A Increment 1 capability and will be incorporated in-line with production or via retrofit.

Acronyms and Abbreviations

ASW - Anti-Submarine Warfare

ECP - Engineering Change Proposal

ft - Feet

lbs - Pounds

nm - Nautical miles

Track to Budget

General Notes

The RDT&E cost parameters include the costs associated with Project Unit 2696 (Increment 1 SDD) and Project Unit 3181 (Increment 2 next Phase of Capabilities (previously called Spiral One)). Project Unit 3181 capabilities will be integrated into the P-8A through Engineering Change Proposals (ECPs) as approved in the Milestone C ADM, dated August 27, 2010. These ECPs are: Automatic Identification System, Multi-static Active Coherent, High Altitude Anti-submarine Warfare Weapon Capability and Sensors, Rapid Capability Insertion Acoustics Algorithms, and Tactical Operations Center updates. Project Unit 3218 (P-8A Increment 3 (previously called Spiral Two)) was not included in the APB cost parameters established at Milestone C and are excluded from the funding reported in this SAR.

RDT&E

Appn	BA	PE
Navy	1319 05	0605500N
	Project	Name
	2696	Multi-mission Maritime Aircraft
	3181	P-8A Spiral One Development
	Notes: P-8A Multi-mission Maritime Aircraft Increment 2 (formerly Spiral 1)	

Procurement

Appn	BA	PE
Navy	1506 01	0204251N
	Line Item	Name
	0193	P-8A Poseidon
Navy	1506 06	0204251N
	Line Item	Name
	0605	Spares and Repair Parts

MILCON

Appn	BA	PE
Navy	1205 01	0212176N
	Project	Name
	P116	P-8A Detachment Support Facility
	Notes: Joint Base Pearl Harbor Hickam	
	P259	P-8A Aircraft Apron and Support Facility
	Notes: Naval Air Station Whidbey Island	
	P334	P-8 Fleet Support Facility Addition
	Notes: Naval Air Station Jacksonville	
	P659	P-8 Training and Parking

Apron Expansion

Notes: Naval Air Station Jacksonville Integrated Training Center

Navy	1205	01	0703676N
		Project	Name
	P630	P-8/MMA Facilities Modification (Sunk)	
		Notes:	Naval Air Station Jacksonville (Facilities Modifications)
	P654	P-8A Hangar Upgrades	
		Notes:	Naval Air Station Jacksonville

Navy	1205	01	0712876N
		Project	Name
	P655	P-8A Hangar & Training Facility	
		Notes:	Naval Air Station Sigonella
	P955	P-8A Hangar & Training Facility	
		Notes:	Naval Support Activity Bahrain

Navy	1205	01	0805376N
		Project	Name
	P146	MMA Test Facilities, Renovation & Modn (Sunk)	
		Notes:	Multi-mission Maritime Hangar Test Facility Modifications Naval Air Station Patuxent River
	P147	MMA Technical Supt Facs, Pax River MD (Sunk)	
		Notes:	Multi-mission Maritime Hangar Test Facility Build Naval Air Station Patuxent River

Navy	1205	01	0805976N
		Project	Name
	P623	MMA Simulator Training Building (Sunk)	
		Notes:	Naval Air Station Jacksonville (Build of Integrated Training Center)

Navy	1205	01	0815976N
		Project	Name
	P251	P-8A Hangar & Training Facility	
		Notes:	Naval Air Station Whidbey Island
	P624	P-8A Training Facility (Sunk)	
		Notes:	Naval Air Station Jacksonville

Notes

MILCON projects P-8A Hangar Upgrades (P654), P-8A Integrated Training Center Parking & Apron Expansion (P659) and Fleet Support Facility Addition (P334) at Naval Air Station (NAS) Jacksonville; project P-8A Aircraft Apron & Support Facility (P259) at NAS Whidbey Island; and, project Detachment Support Facility (P116) at Joint Base Pearl Harbor Hickam are now active based upon the Record of Decision signed June 2014. Project P-8A Hangar & Apron Expansion (P252) at NAS

Whidbey Island was not required by the Navy and has been removed from the report.

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	8019.1	8303.1	9133.4	8215.1	7951.7	8341.5	8222.8
Procurement	23519.1	21912.5	24103.8	21660.4	25654.7	24954.2	24110.5
Flyaway	--	--	--	17690.6	--	--	19706.0
Recurring	--	--	--	17150.0	--	--	19092.6
Non Recurring	--	--	--	540.6	--	--	613.4
Support	--	--	--	3969.8	--	--	4404.5
Other Support	--	--	--	3514.2	--	--	3913.6
Initial Spares	--	--	--	455.6	--	--	490.9
MILCON	807.7	381.3	419.4	312.8	894.3	428.7	343.4
Acq O&M	0.0	0.0	--	0.0	0.0	0.0	0.0
Total	32345.9	30596.9	N/A	30188.3	34500.7	33724.4	32676.7

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 based on historical actual cost data and represents a notional 50% confidence level when established. The 50% confidence level does not account for sequestration impacts.

Total Quantity			
Quantity	SAR Baseline Production Estimate	Current APB Production	Current Estimate
RDT&E		5	5
Procurement		117	109
Total		122	114

Quantity Notes

Warfighting requirement is 117 production aircraft.

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	7791.0	219.0	142.3	47.2	23.3	0.0	0.0	0.0	8222.8
Procurement	12054.4	2171.3	3280.1	2440.3	2452.3	1712.1	0.0	0.0	24110.5
MILCON	208.0	52.2	83.2	0.0	0.0	0.0	0.0	0.0	343.4
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2016 Total	20053.4	2442.5	3505.6	2487.5	2475.6	1712.1	0.0	0.0	32676.7
PB 2015 Total	20247.1	2298.8	3477.9	2643.3	2631.8	1713.2	57.1	0.0	33069.2
Delta	-193.7	143.7	27.7	-155.8	-156.2	-1.1	-57.1	0.0	-392.5

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	5	0	0	0	0	0	0	0	0	5
Production	0	53	9	16	12	12	7	0	0	109
PB 2016 Total	5	53	9	16	12	12	7	0	0	114
PB 2015 Total	5	53	8	15	13	13	7	0	0	114
Delta	0	0	1	1	-1	-1	0	0	0	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
2002	--	--	--	--	--	--	37.0
2003	--	--	--	--	--	--	65.3
2004	--	--	--	--	--	--	66.3
2005	--	--	--	--	--	--	470.9
2006	--	--	--	--	--	--	927.0
2007	--	--	--	--	--	--	1100.0
2008	--	--	--	--	--	--	860.0
2009	--	--	--	--	--	--	1089.7
2010	--	--	--	--	--	--	1125.7
2011	--	--	--	--	--	--	893.7
2012	--	--	--	--	--	--	576.8
2013	--	--	--	--	--	--	358.5
2014	--	--	--	--	--	--	220.1
2015	--	--	--	--	--	--	219.0
2016	--	--	--	--	--	--	142.3
2017	--	--	--	--	--	--	47.2
2018	--	--	--	--	--	--	23.3
Subtotal	5	--	--	--	--	--	8222.8

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
2002	--	--	--	--	--	--	43.1
2003	--	--	--	--	--	--	75.0
2004	--	--	--	--	--	--	74.1
2005	--	--	--	--	--	--	512.8
2006	--	--	--	--	--	--	979.0
2007	--	--	--	--	--	--	1134.0
2008	--	--	--	--	--	--	870.7
2009	--	--	--	--	--	--	1089.2
2010	--	--	--	--	--	--	1108.6
2011	--	--	--	--	--	--	859.3
2012	--	--	--	--	--	--	545.4
2013	--	--	--	--	--	--	333.9
2014	--	--	--	--	--	--	202.9
2015	--	--	--	--	--	--	198.8
2016	--	--	--	--	--	--	127.0
2017	--	--	--	--	--	--	41.3
2018	--	--	--	--	--	--	20.0
Subtotal	5	--	--	--	--	--	8215.1

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	
2009	--	109.1	--	--	109.1	--	109.1	
2010	6	1360.6	--	54.3	1414.9	383.9	1798.8	
2011	7	1382.0	--	31.5	1413.5	492.3	1905.8	
2012	11	1977.5	--	29.4	2006.9	280.8	2287.7	
2013	13	2252.9	--	32.3	2285.2	451.2	2736.4	
2014	16	2603.6	--	54.0	2657.6	559.0	3216.6	
2015	9	1378.7	--	52.8	1431.5	739.8	2171.3	
2016	16	2665.9	--	62.5	2728.4	551.7	3280.1	
2017	12	2096.0	--	79.1	2175.1	265.2	2440.3	
2018	12	2025.9	--	87.4	2113.3	339.0	2452.3	
2019	7	1240.4	--	130.1	1370.5	341.6	1712.1	
Subtotal	109	19092.6	--	613.4	19706.0	4404.5	24110.5	

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	
2009	--	107.8	--	--	107.8	--	107.8	
2010	6	1316.9	--	52.6	1369.5	371.5	1741.0	
2011	7	1310.7	--	29.9	1340.6	466.9	1807.5	
2012	11	1847.7	--	27.5	1875.2	262.4	2137.6	
2013	13	2081.1	--	29.8	2110.9	416.8	2527.7	
2014	16	2367.9	--	49.1	2417.0	508.4	2925.4	
2015	9	1232.9	--	47.2	1280.1	661.6	1941.7	
2016	16	2341.0	--	54.9	2395.9	484.4	2880.3	
2017	12	1805.6	--	68.1	1873.7	228.5	2102.2	
2018	12	1711.2	--	73.8	1785.0	286.4	2071.4	
2019	7	1027.2	--	107.7	1134.9	282.9	1417.8	
Subtotal	109	17150.0	--	540.6	17690.6	3969.8	21660.4	

Cost Quantity Information 1506 Procurement Aircraft Procurement, Navy		
Fiscal Year	Quantity	End Item Recurring Flyaway (Aligned With Quantity) BY 2010 \$M
2009	--	--
2010	6	1261.2
2011	7	1294.5
2012	11	1762.2
2013	13	2015.1
2014	16	2341.0
2015	9	1462.0
2016	16	2273.3
2017	12	1801.4
2018	12	1791.4
2019	7	1147.9
Subtotal	109	17150.0

Annual Funding 1205 MILCON Military Construction, Navy and Marine Corps	
Fiscal Year	TY \$M
	Total Program
2006	5.7
2007	16.3
2008	--
2009	48.2
2010	5.9
2011	--
2012	31.2
2013	--
2014	100.7
2015	52.2
2016	83.2
Subtotal	343.4

Annual Funding 1205 MILCON Military Construction, Navy and Marine Corps	
Fiscal Year	BY 2010 \$M
	Total Program
2006	5.9
2007	16.6
2008	--
2009	47.5
2010	5.7
2011	--
2012	28.9
2013	--
2014	90.3
2015	46.0
2016	71.9
Subtotal	312.8

Low Rate Initial Production

Item	Initial LRIP Decision	Current Total LRIP
Approval Date	6/4/2004	7/15/2013
Approved Quantity	34	37
Reference	Milestone B ADM	LRIP Lot IV ADM
Start Year	2010	2010
End Year	2012	2013

The Current Total LRIP Quantity is more than 10% of the total production quantity due to the necessity to establish the initial production base and to achieve an orderly and efficient increase in both the production rate and industry workforce.

Foreign Military Sales

None

Nuclear Costs

None

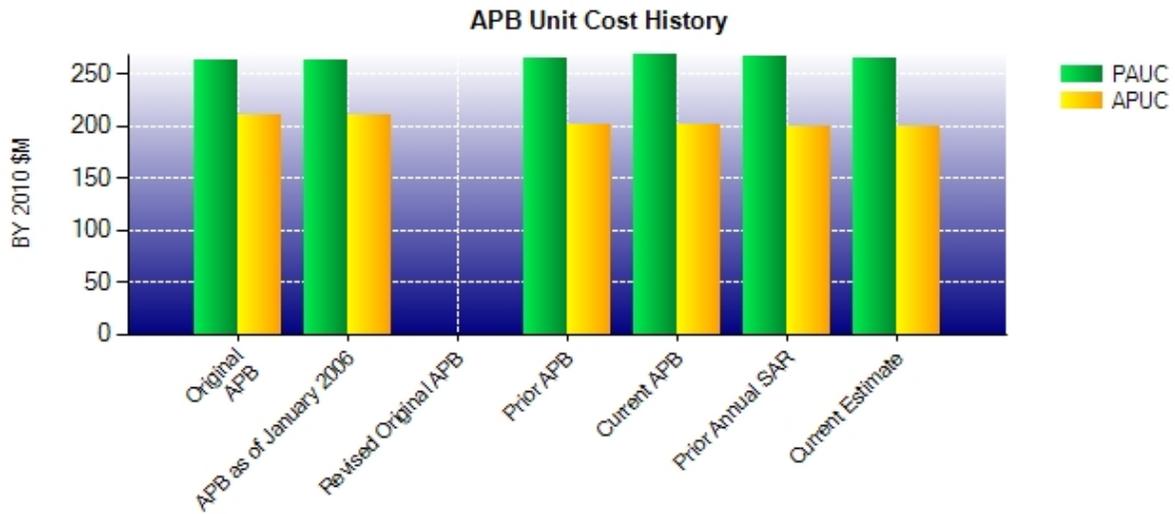
Unit Cost

Unit Cost Report

Item	BY 2010 \$M	BY 2010 \$M	% Change
	Current UCR Baseline (Feb 2014 APB)	Current Estimate (Dec 2014 SAR)	
Program Acquisition Unit Cost			
Cost	30596.9	30188.3	
Quantity	114	114	
Item	268.394	264.810	-1.34
Average Procurement Unit Cost			
Cost	21912.5	21660.4	
Quantity	109	109	
Unit Cost	201.032	198.719	-1.15

Item	BY 2010 \$M	BY 2010 \$M	% Change
	Original UCR Baseline (Jun 2004 APB)	Current Estimate (Dec 2014 SAR)	
Program Acquisition Unit Cost			
Cost	30271.9	30188.3	
Quantity	115	114	
Unit Cost	263.234	264.810	+0.60
Average Procurement Unit Cost			
Cost	22791.2	21660.4	
Quantity	108	109	
Unit Cost	211.030	198.719	-5.83

Unit Cost History



Item	Date	BY 2010 \$M		TY \$M	
		PAUC	APUC	PAUC	APUC
Original APB	Jun 2004	263.234	211.030	273.292	225.149
APB as of January 2006	Jun 2004	263.234	211.030	273.292	225.149
Revised Original APB	N/A	N/A	N/A	N/A	N/A
Prior APB	Oct 2010	265.130	201.018	282.793	219.271
Current APB	Feb 2014	268.394	201.032	295.828	228.938
Prior Annual SAR	Dec 2013	266.055	199.868	290.081	224.532
Current Estimate	Dec 2014	264.810	198.719	286.638	221.197

SAR Unit Cost History

Initial SAR Baseline to Current SAR Baseline (TY \$M)									
Initial PAUC Development Estimate	Changes								PAUC Production Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
273.292	3.671	-4.044	5.221	10.630	-17.830	0.000	11.853	9.501	282.793

Current SAR Baseline to Current Estimate (TY \$M)									
PAUC Production Estimate	Changes								PAUC Current Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
282.793	3.120	6.157	4.454	-1.625	-7.622	0.000	-0.639	3.845	286.638

Initial SAR Baseline to Current SAR Baseline (TY \$M)									
Initial APUC Development Estimate	Changes								APUC Production Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
225.149	1.793	-3.468	5.332	0.000	-21.894	0.000	12.359	-5.878	219.271

Current SAR Baseline to Current Estimate (TY \$M)									
APUC Production Estimate	Changes								APUC Current Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
219.271	2.743	1.777	3.980	1.027	-6.932	0.000	-0.669	1.926	221.197

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	May 2004	May 2004	May 2004
Milestone C	N/A	May 2010	May 2010	Aug 2010
IOC	N/A	Jul 2013	Jul 2013	Dec 2013
Total Cost (TY \$M)	N/A	31428.6	34500.7	32676.7
Total Quantity	N/A	115	122	114
PAUC	N/A	273.292	282.793	286.638

Cost Variance

Summary TY \$M				
Item	RDT&E	Procurement	MILCON	Total
SAR Baseline (Production Estimate)	7951.7	25654.7	894.3	34500.7
Previous Changes				
Economic	+49.8	+510.3	+17.0	+577.1
Quantity	--	-1560.4	--	-1560.4
Schedule	+72.9	+438.6	+1.1	+512.6
Engineering	+76.3	+111.9	-335.3	-147.1
Estimating	+76.8	-642.8	-209.4	-775.4
Other	--	--	--	--
Support	--	-38.3	--	-38.3
Subtotal	+275.8	-1180.7	-526.6	-1431.5
Current Changes				
Economic	-8.1	-211.3	-2.0	-221.4
Quantity	--	--	--	--
Schedule	--	-4.8	--	-4.8
Engineering	--	--	-38.2	-38.2
Estimating	+3.4	-112.8	+15.9	-93.5
Other	--	--	--	--
Support	--	-34.6	--	-34.6
Subtotal	-4.7	-363.5	-24.3	-392.5
Total Changes	+271.1	-1544.2	-550.9	-1824.0
CE - Cost Variance	8222.8	24110.5	343.4	32676.7
CE - Cost & Funding	8222.8	24110.5	343.4	32676.7

Summary BY 2010 \$M				
Item	RDT&E	Procurement	MILCON	Total
SAR Baseline (Production Estimate)	8019.1	23519.1	807.7	32345.9
Previous Changes				
Economic	--	--	--	--
Quantity	--	-1276.4	--	-1276.4
Schedule	+68.1	+106.1	-0.4	+173.8
Engineering	+68.4	+94.0	-295.6	-133.2
Estimating	+57.3	-537.3	-179.9	-659.9
Other	--	--	--	--
Support	--	-119.9	--	-119.9
Subtotal	+193.8	-1733.5	-475.9	-2015.6
Current Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	+5.6	--	+5.6
Engineering	--	--	-33.0	-33.0
Estimating	+2.2	-104.9	+14.0	-88.7
Other	--	--	--	--
Support	--	-25.9	--	-25.9
Subtotal	+2.2	-125.2	-19.0	-142.0
Total Changes	+196.0	-1858.7	-494.9	-2157.6
CE - Cost Variance	8215.1	21660.4	312.8	30188.3
CE - Cost & Funding	8215.1	21660.4	312.8	30188.3

Previous Estimate: December 2013

RDT&E	\$M	
Current Change Explanations	Base Year	Then Year
Revised escalation indices. (Economic)	N/A	-8.1
Adjustment for current and prior escalation. (Estimating)	+5.1	+5.5
Revised estimate to reflect prior year actuals. (Estimating)	-22.0	-23.8
Increase due to continued P-8A Increment 2 Multi-Static Active Coherent capability test events. (Estimating)	+19.1	+21.7
RDT&E Subtotal	+2.2	-4.7

Procurement	\$M	
Current Change Explanations	Base Year	Then Year
Revised escalation indices. (Economic)	N/A	-211.3
Schedule Variance resulting from rephasing aircraft (FY 2015 +1, FY 2016 +1, FY 2017 -1, FY 2018 -1). (Schedule)	0.0	-13.3
Additional Schedule Variance resulting from rephasing aircraft in FY 2015-2018. (Schedule)	+5.6	+8.5
Revised estimate to reflect increase in Ancillary Equipment. (Estimating)	+10.5	+12.4
Adjustment for current and prior escalation. (Estimating)	+54.9	+60.2
Revised estimate to reflect decrease in Engineering Change Order/Non-recurring due to realignment. (Estimating)	-2.6	-3.8
Revised estimate to reflect decrease in Government Furnished Equipment due to negotiations. (Estimating)	-27.2	-29.9
Revised estimate to reflect decreases in FY 2014 due to Congressional reductions as a result of contract savings and Above Threshold Reprogramming for higher Navy priorities. (Estimating)	-140.5	-151.7
Adjustment for current and prior escalation. (Support)	+15.7	+17.3
Decrease in Other Support due to updated actuals for Peculiar Ground Support Equipment and Peculiar Training Equipment (Support)	-57.6	-71.6
Increase in Initial Spares allocation. (Support)	+16.0	+19.7
Procurement Subtotal	-125.2	-363.5

MILCON	\$M	
Current Change Explanations	Base Year	Then Year
Revised escalation indices. (Economic)	N/A	-2.0
New Project P334 at Naval Air Station (NAS) Jacksonville constructing a P-8 Fleet Support Facility Addition. (Engineering)	+7.3	+8.5
Project P252 at NAS Whidbey Island for P-8A Hangar & Apron Expansion was not required by the Navy and has been cancelled. (Engineering)	-51.0	-59.1
New Project P116 at Joint Base Pearl Harbor Hickam constructing P-8A Detachment Support Facilities (Engineering)	+10.7	+12.4
Adjustment for current and prior escalation. (Estimating)	+0.9	+1.0
Revised estimate to reflect prior year actual. (Estimating)	-4.7	-5.2
Increase in cost estimate for Project 259 NAS Whidbey Island facilities due to P-8A Aircraft Apron and Support Facility estimate revisions. (Estimating)	+21.5	+24.4

Decrease in cost estimate for project 655 NAS Sigonella facilities due to P-8A Hangar and training facility estimate revisions. (Estimating)	-3.7	-4.3
MILCON Subtotal	-19.0	-24.3

Contracts

Contract Identification

Appropriation: Procurement
Contract Name: P-8A Production Contract for LRIP Lots I - III
Contractor: The Boeing Company
Contractor Location: 20403 68th Avenue South
 Kent, WA 98032-2316
Contract Number: N00019-09-C-0022
Contract Type: Fixed Price Incentive(Firm Target) (FPIF), Firm Fixed Price (FFP)
Award Date: April 13, 2009
Definitization Date: January 21, 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
109.1	109.1	N/A	4617.4	4759.3	24	4617.4	4617.4

Target Price Change Explanation

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to additional awards to Boeing Defense Space and Security for Advanced Procurement and LRIP Lots I through III and associated spares, support equipment, technical data/publications, tools, training devices, and long lead materials.

Contract Variance

Item	Cost Variance	Schedule Variance
Cumulative Variances To Date (12/31/2014)	+48.2	-19.0
Previous Cumulative Variances	+25.3	+21.6
Net Change	+22.9	-40.6

Cost and Schedule Variance Explanations

The favorable net change in the cost variance is due to efficiencies in aircraft engineering and production that have resulted in overall cost underruns.

The unfavorable net change in the schedule variance is due to late supplier (material) production and spares deliveries. Schedule recovery is in progress and no impact to aircraft deliveries or fleet is anticipated.

Notes

Contract performance reflects LRIP Lots I through III Earned Value Management (EVM) data. EVM Cost and Schedule Variances for the December 2014 SAR reflect LRIP Lots I through III reporting. Cost and Schedule Variances for December 2014 SAR reflect LRIP Lots I, II, and III reporting. As of December 2014, LRIP Lots I, II and III are respectively 99%, 99% and 91% budget performed complete.

This contract is more than 90% complete; therefore, this is the final report for this contract.

Contract Identification

Appropriation: Procurement
Contract Name: P-8A Production Contract for LRIP Lot IV
Contractor: The Boeing Company
Contractor Location: 20403 68th Avenue South
 Kent, WA 98032-2316
Contract Number: N00019-12-C-0112/0
Contract Type: Fixed Price Incentive(Firm Target) (FPIF), Firm Fixed Price (FFP)
Award Date: August 31, 2012
Definitization Date: July 31, 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
244.9	244.9	N/A	1934.8	1976.6	13	1934.8	1934.8

Target Price Change Explanation

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to additional awards to Boeing Defense Space and Security for Advanced Procurement and LRIP Lot IV and associated spares, support equipment, technical data/publications, tools, training devices, and long lead materials.

Contract Variance		
Item	Cost Variance	Schedule Variance
Cumulative Variances To Date (12/31/2014)	-5.6	-17.5
Previous Cumulative Variances	--	--
Net Change	-5.6	-17.5

Cost and Schedule Variance Explanations

The unfavorable cumulative cost variance is due to labor overruns in Mission Systems for obsolescence driven modifications introduced in LRIP Lot IV production.

The unfavorable cumulative schedule variance is due to late supplier activity in Northrop Grumman Electronic Support Measures. Schedule recovery is expected through March 2015 with no impact to aircraft delivery commitments.

Notes

Cost and Schedule Variances reflect LRIP Lot IV performance.

Previous year (2013) LRIP Lot IV variances were not reported as the program was in initial, pre-baseline development. As of December 2014, LRIP Lot IV is 13% budget performed complete.

Contract Identification

Appropriation: Procurement
Contract Name: P-8A Production Contract for FRP Lot V
Contractor: The Boeing Company
Contractor Location: 20403 68th Avenue South
 Kent, WA 98032-2316
Contract Number: N00019-12-C-0112/1
Contract Type: Fixed Price Incentive(Firm Target) (FPIF), Firm Fixed Price (FFP)
Award Date: July 31, 2013
Definitization Date: February 25, 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
300.7	300.7	N/A	2300.2	2348.1	16	2300.2	2300.2

Target Price Change Explanation

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to additional awards to Boeing Defense Space and Security for Advanced Procurement and FRP Lot V and associated spares, support equipment, technical data/publications, tools, training devices, and long lead materials.

Contract Variance		
Item	Cost Variance	Schedule Variance
Cumulative Variances To Date	0.0	0.0
Previous Cumulative Variances	--	--
Net Change	+0.0	+0.0

Cost and Schedule Variance Explanations

None

General Contract Variance Explanation

Cost and schedule variances are not reported for this contract, because a Class Deviation from Defense Federal Acquisition Regulation Supplement Subpart 234.2 was approved by the Deputy Assistant Secretary of the Navy (Acquisition and Procurement) on September 30, 2014. This Class Deviation authorizes the removal of EVM requirements from the P-8A FRP Lots V - VII contracts.

Contract Identification

Appropriation: Procurement
Contract Name: P-8A Production Contract for FRP Lot VI
Contractor: The Boeing Company
Contractor Location: 20403 68th Avenue South
 Kent, WA 98032-2316
Contract Number: N00019-14-C-0067/0
Contract Type: Fixed Price Incentive(Firm Target) (FPIF), Firm Fixed Price (FFP)
Award Date: August 14, 2014
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	
295.6	N/A	N/A	295.6	N/A	N/A	295.6	295.6	

Contract Variance			
Item	Cost Variance		Schedule Variance
Cumulative Variances To Date	0.0		0.0
Previous Cumulative Variances	--		--
Net Change	+0.0		+0.0

Cost and Schedule Variance Explanations

None

General Contract Variance Explanation

Cost and schedule variances are not reported for this contract, because a Class Deviation from Defense Federal Acquisition Regulation Supplement Subpart 234.2 was approved by the Deputy Assistant Secretary of the Navy (Acquisition and Procurement) on September 30, 2014. This Class Deviation authorizes the removal of EVM requirements from the P-8A FRP Lots V - VII contracts.

Notes

This is the first time this contract is being reported.

This is the Advance Acquisition Contract providing Advanced Procurement funding for FRP Lot VI long lead material. The contract is not definitized.

Deliveries and Expenditures

Deliveries				
Delivered to Date	Planned to Date	Actual to Date	Total Quantity	Percent Delivered
Development	5	5	5	100.00%
Production	21	21	109	19.27%
Total Program Quantity Delivered	26	26	114	22.81%

Expended and Appropriated (TY \$M)			
Total Acquisition Cost	32676.7	Years Appropriated	14
Expended to Date	15422.1	Percent Years Appropriated	77.78%
Percent Expended	47.20%	Appropriated to Date	22495.9
Total Funding Years	18	Percent Appropriated	68.84%

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

Although RDT&E deliveries commenced with the first flight test aircraft (airworthiness, T-1), it is not included in the Planned or Actual deliveries since it is not a fully configured end item. The RDT&E delivered quantities include: the second flight test aircraft (mission equipped, T-2); the third flight test aircraft (mission equipped for weapon separation testing, T-3); and T-4, T-5 and T-6, System Development and Demonstration Stage II production representative aircraft. The Fleet has taken delivery of 21 total LRIP Lots I - III aircraft supporting initial Fleet transition training and operational deployment. All aircraft have been delivered early or on-time to contracted delivery dates.

Operating and Support Cost

Cost Estimate Details

Date of Estimate:	January 13, 2015
Source of Estimate:	POE
Quantity to Sustain:	109
Unit of Measure:	Aircraft
Service Life per Unit:	25.00 Years
Fiscal Years in Service:	FY 2012 - FY 2044

All five of the P-8A RDT&E-funded development aircraft will remain as test articles (SDD aircraft) and are funded within the Continuing System Improvements cost element. The Quantity to Sustain number of 109 reflects the 109 procurement funded aircraft.

Flight hours per aircraft per year are: P-8A = 674. The calculation is based on summing the total operational flight hours and dividing by total operational aircraft. P-8A operations are based on: one Fleet Replacement Squadron (12 aircraft) and 12 Fleet squadrons (6-7 aircraft each).

Sustainment Strategy

P-8A O&S costs are based on limited 3-level maintenance. Post-Material Support Date contracts will be managed by Naval Supply Systems Command and the Defense Logistics Agency. Intermediate level maintenance is currently estimated for 35 parts with additional intermediate level capability assessments ongoing.

Antecedent Information

P-3C O&S costs are based on a 3-level maintenance system. P-3C data was pulled from the Naval Visibility and Management of Operating and Support Cost database Aircraft Type Model Series Report in August 2014 (BY 2010 dollar average for FY 2011-FY 2013). Aircraft quantities: P-3C = 128 (TAI) and 114 (PAA) (P-3C Source: Aircraft Program Data file). Flight hours per aircraft per year are: P-3C = 557. The calculation is based on summing the total operational flight hours and dividing by total operational aircraft. The P-3C flight hours are artificially restricted due to Health of Naval Aviation decisions to manage P-3C operational service life.

Indirect support for P-3C was estimated based on a ratio of mission personnel and intermediate maintenance government labor. Indirect support calculation now in alignment with P-8A calculation, by multiplying the Mission Personnel cost by a factor of 46.68%, which was determined by dividing the annual steady state P-8A Indirect Cost by the P-8A Mission Personnel cost.

Annual O&S Costs BY2010 \$M		
Cost Element	P-8A Average Annual Cost Per Aircraft	P-3C (Antecedent) Average Annual Cost Per Aircraft
Unit-Level Manpower	4.062	3.520
Unit Operations	2.752	1.798
Maintenance	4.207	3.185
Sustaining Support	0.956	0.148
Continuing System Improvements	0.985	1.693
Indirect Support	1.902	1.643
Other	0.000	0.000
Total	14.864	11.987

Item	Total O&S Cost \$M			
	P-8A		P-3C (Antecedent)	
	Current Production APB Objective/Threshold	Current Estimate		
Base Year	34917.5	38409.3	33325.2	26874.1
Then Year	50434.9	N/A	46961.7	N/A

Equation to Translate Annual Cost to Total Cost

The annual cost per aircraft is derived by taking the total O&S cost by element and dividing it by the total operating aircraft years. (\$33,325.2 BY2010 \$M Total O&S Cost / 2,242 P-8A aircraft years = \$14.864 BY2010 \$M Cost per aircraft per year).

O&S Cost Variance		
Category	BY 2010 \$M	Change Explanations
Prior SAR Total O&S Estimates - Dec 2013 SAR	34917.5	
Programmatic/Planning Factors	-731.0	Decrease for aircraft procurement schedule, Flying Hour Program adjustments including Intermediate Level standup and phasing of aircraft delivery and flight hours, airframe and engine depot overhaul schedule, and the reduction of sustainment Program Related Engineering and Program Related Logistics efforts within production phase.
Cost Estimating Methodology	0.0	
Cost Data Update	-248.6	Decrease for updated consumable prices and repair prices, NAVSUP Cost Recovery Rate and Burdening reduction, license costs, Inflation adjustments, Indirect Support rates.
Labor Rate	444.3	Increase for Military Pay rates.

Energy Rate	-419.2	Decrease Fuel \$/gal rate (2014 rate).
Technical Input	-637.8	Decrease for new & deleted parts, quantity per aircraft and aircraft configuration, and updated Reliability and Maintainability.
Other	0.0	
Total Changes	-1592.3	
Current Estimate	33325.2	

The updated estimate is roughly a 4.5% decrease from the December 2013 SAR estimate, from \$34.917B (BY 2010) to \$33.325B (BY 2010)

Disposal Estimate Details

Date of Estimate: January 13, 2015
Source of Estimate: POE
Disposal/Demilitarization Total Cost (BY 2010 \$M): Total costs for disposal of all Aircraft are 27.5

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