

UNCLASSIFIED

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: 0182 / MH-60R
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ID Code (A=Service Ready, B=Not Service Ready) : A	Program Elements for Code B Items:	Other Related Program Elements:
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Line Item MDAP/MAIS Code: 191	Item MDAP/MAIS Code(s):
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Resource Summary	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO [#]	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	To Complete	Total
Procurement Quantity (<i>Units in Each</i>)	182	19	19	29	-	29	-	-	-	-	-	249
Gross/Weapon System Cost (<i>\$ in Millions</i>)	7,548.018	684.415	704.330	1,131.712	-	1,131.712	465.463	-	-	-	-	10,533.938
Less PY Advance Procurement (<i>\$ in Millions</i>)	947.834	101.274	137.497	197.830	-	197.830	215.432	-	-	-	-	1,599.867
Net Procurement (P1) (<i>\$ in Millions</i>)	6,600.184	583.141	566.833	933.882	-	933.882	250.031	-	-	-	-	8,934.071
Plus CY Advance Procurement (<i>\$ in Millions</i>)	1,121.026	159.331	212.820	106.686	-	106.686	-	-	-	-	-	1,599.863
Total Obligation Authority (<i>\$ in Millions</i>)	7,721.210	742.472	779.653	1,040.568	-	1,040.568	250.031	-	-	-	-	10,533.934

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

Initial Spares (<i>\$ in Millions</i>)	-	2.647	0.540	-	-	-	0.673	-	-	-	-	3.860
Flyaway Unit Cost (<i>\$ in Thousands</i>)	35,151.577	33,229.684	33,172.368	31,157.448	-	31,157.448	-	-	-	-	-	36,135.847
Gross/Weapon System Unit Cost (<i>\$ in Thousands</i>)	41,472.626	36,021.842	37,070.000	39,024.552	-	39,024.552	-	-	-	-	-	42,304.972

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

Description:

The MH-60R Multi-Mission helicopter provides battle group protection and adds significant capability in coastal littorals and regional conflicts. The MH-60R Multi-Mission Helicopter represents a significant avionics improvement to the H-60 series helicopters by enhancing primary mission areas of Undersea Warfare and Surface Warfare. Airborne Low Frequency Sonar is added to enhance the existing acoustics suite. An added Multi-Mode Radar includes an Inverse Synthetic Aperture Radar mode (permits stand-off classification of hostile threats). An improved Electronics Surveillance Measures system will enable passive detection and targeting of radar sources not currently detectable. Pre-Planned Product Improvements includes upgrades to communication, navigation, Identification Friend or Foe, Multi-Spectral Targeting System/Forward Looking Infrared, radar, weapons, data link, safety, maintenance, airframe and mission planning systems.

Note:

1. Initial Spares Total is \$300.316M vice \$3.860M because Prior Year Spares should reflect \$296.456M vice \$0.

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 / MH-60R (MYP)	P-5		41,472.626	182	7,548.018	36,021.842	19	684.415	37,070.000	19	704.330	39,024.552	29	1,131.712	-	-	-	39,024.552	29	1,131.712
Total Gross/Weapon System Cost			41,472.626	182	7,548.018	36,021.842	19	684.415	37,070.000	19	704.330	39,024.552	29	1,131.712	-	-	-	39,024.552	29	1,131.712

*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.

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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: 0182 / MH-60R
ID Code (A=Service Ready, B=Not Service Ready) : A	Program Elements for Code B Items:	Other Related Program Elements:
Line Item MDAP/MAIS Code: 191	Item MDAP/MAIS Code(s):	

Justification:
 Basis for the FY 2015 budget request: The FY 2015 request funds for the procurement of 29 Aircraft and associated support.

FY 2012 - 2015 reflects pricing of awarded multi-year contracts for Mission Avionics/Common Cockpit (MYP2) and Airframe (MYP8, joint with the Army/Navy). MYP2/8 contracts have a minimum domestic quantity of 120 MH-60R (FY 2012-FY 2016). The last year of MYP2/8 will not be executed for MH-60R. The cancellation of the FY 2016 MH-60R procurement results in the failure to procure the required domestic aircraft quantities as specified in the MYP2/8 contracts.

FY 2016 Less Advance Procurement costs include FY 2012-FY 2014 EOQ sunk costs for FY 2016 aircraft no longer planned to be procured. MYP2/8 contracts require all advanced procurement funds to be paid as termination liability penalties.

FY 2014 reflects Congressional reductions enacted in the FY 2014 Appropriations Act of \$30.0M combined in cost element 1.2.2 and 1.1.6 and \$2.404M in cost element 1.1.3.

Totals may not add due to rounding.

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Exhibit P-5, Cost Analysis: PB 2015 Navy				Date: March 2014			
Appropriation / Budget Activity / Budget Sub Activity: 1506N / 01 / 1		P-1 Line Item Number / Title: 0182 / MH-60R		Item Number / Title [DODIC]: 1 / MH-60R (MYP)			

Resource Summary	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO#	FY 2015 Total
Procurement Quantity (Units in Each)	182	19	19	29	-	29
Gross/Weapon System Cost (\$ in Millions)	7,548.018	684.415	704.330	1,131.712	-	1,131.712
Less PY Advance Procurement (\$ in Millions)	947.834	101.274	137.497	197.830	-	197.830
Net Procurement (P1) (\$ in Millions)	6,600.184	583.141	566.833	933.882	-	933.882
Plus CY Advance Procurement (\$ in Millions)	1,121.026	159.331	212.820	106.686	-	106.686
Total Obligation Authority (\$ in Millions)	7,721.210	742.472	779.653	1,040.568	-	1,040.568

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

Initial Spares (\$ in Millions)	-	2.647	0.540	-	-	-
Gross/Weapon System Unit Cost (\$ in Thousands)	41,472.626	36,021.842	37,070.000	39,024.552	-	39,024.552

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)		15,114.973	182	2,750.925	15,359.789	19	291.836	15,028.368	19	285.539	15,101.586	29	437.946	-	-	-	15,101.586	29	437.946
1.1.2) CFE Electronics		8,560.731	182	1,558.053	7,336.105	19	139.386	7,506.684	19	142.627	7,593.448	29	220.210	-	-	-	7,593.448	29	220.210
1.1.3) GFE Electronics (2)		4,193.027	182	763.131	5,346.474	19	101.583	5,077.474	19	96.472	5,224.517	29	151.511	-	-	-	5,224.517	29	151.511
1.1.4) Engines/Eng Acc		637.607	364	232.089	725.974	38	27.587	739.763	38	28.111	753.828	58	43.722	-	-	-	753.828	58	43.722
1.1.5) Other GFE		712.797	182	129.729	557.684	19	10.596	568.263	19	10.797	579.069	29	16.793	-	-	-	579.069	29	16.793
1.1.6) Rec Flyaway ECO (3)		83.164	177	14.720	-	19	-	-	19	-	226.931	29	6.581	-	-	-	226.931	29	6.581
Subtotal: Recurring Cost		-	-	5,448.647	-	-	570.988	-	-	563.546	-	-	876.763	-	-	-	-	-	876.763
Non Recurring Cost																			
1.2.1) Non-Recur Cost (4)		-	-	404.263	-	-	14.338	-	-	5.600	-	-	26.803	-	-	-	-	-	26.803
1.2.2) Ancillary Eqpt		-	-	544.677	-	-	46.038	-	-	61.129	-	-	-	-	-	-	-	-	-
1.2.3) Termination Liability		-	-	0.000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal: Non Recurring Cost		-	-	948.940	-	-	60.376	-	-	66.729	-	-	26.803	-	-	-	-	-	26.803
Subtotal: Flyaway Cost		-	-	6,397.587	-	-	631.364	-	-	630.275	-	-	903.566	-	-	-	-	-	903.566
Support Cost																			
2.1) Airframe PGSE (5)		-	-	51.777	-	-	5.963	-	-	16.510	-	-	37.573	-	-	-	-	-	37.573

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Exhibit P-5, Cost Analysis: PB 2015 Navy													Date: March 2014						
Appropriation / Budget Activity / Budget Sub Activity: 1506N / 01 / 1						P-1 Line Item Number / Title: 0182 / MH-60R						Item Number / Title [DODIC]: 1 / MH-60R (MYP)							

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) Engine PGSE		-	-	1.096	-	-	0.135	-	-	0.689	-	-	0.791	-	-	-	-	-	0.791
2.3) Avionics PGSE		-	-	231.620	-	-	5.802	-	-	15.978	-	-	48.743	-	-	-	-	-	48.743
2.4) PEC Training Equipment ⁽⁶⁾		-	-	343.772	-	-	3.151	-	-	4.459	-	-	63.337	-	-	-	-	-	63.337
2.5) Pubs/Tech Data ⁽⁷⁾		-	-	22.373	-	-	5.201	-	-	2.832	-	-	9.973	-	-	-	-	-	9.973
2.6) Other ILS ⁽⁸⁾		-	-	70.874	-	-	2.436	-	-	5.996	-	-	17.426	-	-	-	-	-	17.426
2.7) Field Activities ⁽⁹⁾		-	-	302.310	-	-	28.844	-	-	26.641	-	-	45.347	-	-	-	-	-	45.347
2.8) Production Line Support ⁽¹⁰⁾		-	-	126.609	-	-	1.519	-	-	0.950	-	-	4.956	-	-	-	-	-	4.956
<i>Subtotal: Support Cost</i>		-	-	<i>1,150.431</i>	-	-	<i>53.051</i>	-	-	<i>74.055</i>	-	-	<i>228.146</i>	-	-	-	-	-	<i>228.146</i>
Gross/Weapon System Cost		41,472.626	182	7,548.018	36,021.842	19	684.415	37,070.000	19	704.330	39,024.552	29	1,131.712	-	-	-	39,024.552	29	1,131.712

Footnotes:

- (1) Cost element 1.1.1: The Congressional reduction for excess FY 2013 Advanced Procurement in Public Law 113-6 left the Airframe MY8 contract \$3.8 Million short of long-lead contractual requirements. FY 2014 ECO funding line has been reduced in order to fully fund the Aircraft with FY 2014 MH-60R Regular APN funding to meet the requirements of MY8 contract.
- (2) Cost elements 1.1.3 unit cost increased from FY 2014 to FY 2015 due to costs associated with the compliance of the Pension Protection Act on the Lockheed Martin MYP contract.
- (3) Cost element 1.1.6 unit cost increase from FY 2014 to FY 2015 is due to the FY 2014 program reduction in cost element 1.1.3 and 1.1.6 enacted in the FY 2014 Appropriations Act.
- (4) Cost element 1.2.1 non-recurring costs increase in FY 2015 for correction of deficiencies in the Electronic Support Measures system, Airborne Low Frequency Sonar (ALFS) reliability improvements to improve system availability and commencement of production line shutdown activities.
- (5) Cost Elements 2.1 Airframe Peculiar Ground Support Equipment (PGSE), 2.2 Engine PGSE, and 2.3 Avionics PGSE increase in FY 2015 to support Title 10 United States code requirements to establish remaining program requirement capabilities for depot level maintenance and repair.
- (6) Cost Element 2.4 Pec Training increase in FY 2015 is to procure Tactical Operational Flight Trainers (TOFTs) 12 and 13 and convert a current SH-60B TOFT to MH-60R TOFT 14. Each TOFT will include an Operational Flight Trainer, Flight Instructor Station, Weapons Tactical Trainer, Sensor Instructor Station, and Tactical Instructor Stations. The MH-60R TOFTs provides the full range of high-fidelity training required by the operators in support of the aircraft's multiple missions.
- (7) Cost element 2.5 increase in FY 2015 is to procure remaining publications to support MH-60R production.
- (8) Cost element 2.6 increase in FY 2015 is to procure remaining ILS products to support MH-60R production.
- (9) Cost element 2.7 increase in FY 2015 to support MH-60R production through final deliveries.
- (10) Cost element 2.8 increase in FY 2015 to support MH-60R production through final deliveries.

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Exhibit P-40, Advance Procurement 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: 0182 / MH-60R
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ID Code (A=Service Ready, B=Not Service Ready) : A	Program Elements for Code B Items:	Other Related Program Elements:
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Line Item MDAP/MAIS Code: 191	Item MDAP/MAIS Code(s):
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Resource Summary	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO [#]	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	To Complete	Total
Gross/Weapon System Cost <i>(\$ in Millions)</i>	1,121.026	159.331	212.820	106.686	-	106.686	-	-	-	-	-	1,599.863
Net Procurement (P1) <i>(\$ in Millions)</i>	1,121.026	159.331	212.820	106.686	-	106.686	-	-	-	-	-	1,599.863
Total Obligation Authority <i>(\$ in Millions)</i>	1,121.026	159.331	212.820	106.686	-	106.686	-	-	-	-	-	1,599.863

Description:

The MH-60R Multi-Mission helicopter provides battle group protection and adds significant capability in coastal littorals and regional conflicts. The MH-60R Multi-Mission Helicopter represents a significant avionics improvement to the H-60 series helicopters by enhancing primary mission areas of Undersea Warfare and Surface Warfare. Airborne Low Frequency Sonar is added to enhance the existing acoustics suite. An added Multi-Mode Radar includes an Inverse Synthetic Aperture Radar mode (permits stand-off classification of hostile threats). An improved Electronics Surveillance Measures system will enable passive detection and targeting of radar sources not currently detectable. Pre-Planned Product Improvements includes upgrades to communication, navigation, Identification Friend or Foe, Multi-Spectral Targeting System/Forward Looking Infrared, radar, weapons, data link, safety, maintenance, airframe and mission planning systems.

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 / MH-60R (MYP)	P-10				1,121.026			159.331			212.820			106.686			-			106.686
Total Gross/Weapon System Cost					1,121.026			159.331			212.820			106.686			-			106.686

*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:

FY 2015 advance procurement is required for termination liability per Multi-Year Procurement (MYP)2/8 contract requirements, (Navy MYP2 with Lockheed Martin (Mission Systems & Common Cockpit) and Army/Navy MYP8 with Sikorsky (Airframe)).

The FY 2016 quantity reduction to MH-60R results in the failure to procure the required domestic aircraft quantities as specified in the MYP2/8 contracts. FY 2012 - FY 2015 advance procurement / Economic Order Quantity (EOQ) funds for FY 2016 aircraft are sunk costs required to be paid as termination liability for MYP2/8 contracts.

The Congressional reduction for excess FY 2013 Advance Procurement in Public Law 113-6 left the airframe MYP \$3.8 Million short of long-lead contractual requirements. FY 2014 ECO funding line has been reduced in order to fully fund the aircraft with FY 2014 MH-60R Regular APN funding to meet the requirements of the MY8 contract.

FY 2014 reflects \$19.014M Congressional reduction enacted in the FY 2014 Appropriations Act.

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Exhibit P-40, Advance Procurement 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: 0182 / MH-60R

ID Code (A=Service Ready, B=Not Service Ready) : A	Program Elements for Code B Items:	Other Related Program Elements:
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Line Item MDAP/MAIS Code: 191	Item MDAP/MAIS Code(s):
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Airframe & Avionics CFE, T.L. and miscellaneous Avionics GFE long lead requirements are necessary to maintain the MH-60R delivery schedule.

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Exhibit P-10, Advance Procurement Requirements Analysis (page 1 - Budget Funding Justification): PB 2015 Navy					Date: March 2014	
Appropriation / Budget Activity / Budget Sub Activity: 1506N / 01 / 1			P-1 Line Item Number / Title: 0182 / MH-60R		P-5 Number / Title: 1 / MH-60R (MYP)	
ID Code (A=Service Ready, B=Not Service Ready) : A						
First System (2015) Award Date: April 2012		First System (2015) Completion Date: October 2016			Interval Between Systems: 1 Months	
MH-60R (MYP)		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			182	19	19	29
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>
CFE						
CFE - Airframe T.L.		0	376.326	-	-	-
CC/Avionics - T.L./Other		0	554.460	-	-	-
Total: CFE			930.786	-	-	-
GFE						
GFE Other		0	20.334	2.937	5.025	-
Total: GFE			20.334	2.937	5.025	-
EOQ						
Airframe For FY 2013 EOQ/Long Lead		0	38.984	-	-	-
Airframe For FY 2014 EOQ/Long Lead		0	3.037	50.688	-	-
Airframe For FY 2015 EOQ/Long Lead		0	1.961	4.047	80.734	-
Airframe For FY 2016 EOQ/Long Lead		0	2.338	3.737	3.692	85.828
CC/Avionics For FY 2013 EOQ/Long Lead		0	59.000	-	-	-
CC/Avionics For FY 2014 EOQ/Long Lead		0	55.586	25.249	-	-
CC/Avionics For FY 2015 EOQ/Long Lead		0	4.500	70.673	30.890	-
CC/Avionics For FY 2016 EOQ/Long Lead		0	4.500	2.000	92.479	20.858
Total: EOQ			169.906	156.394	207.795	106.686
Total Advance Procurement/Obligation Authority			1,121.026	159.331	212.820	106.686

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Exhibit P-10, Advance Procurement Requirements Analysis (page 2 - Budget Funding Justification): PB 2015 Navy		Date: March 2014
Appropriation / Budget Activity / Budget Sub Activity: 1506N / 01 / 1	P-1 Line Item Number / Title: 0182 / MH-60R	P-5 Number / Title: 1 / MH-60R (MYP)

ID Code (A=Service Ready, B=Not Service Ready) :

Cost Elements	QPA (Each)	FY 2015					Total Cost Request (\$ M)
		Production Leadtime (Months)	Unit Cost (\$ K)	Contract Forecast Date	2015 Qty (Each)	For FY	
CFE							
CFE - Airframe T.L.	1						-
CC/Avionics - T.L./Other	1						-
<i>Total: CFE</i>							-
GFE							
GFE Other	-						-
<i>Total: GFE</i>							-
EOQ							
Airframe For FY 2013 EOQ/Long Lead	-						-
Airframe For FY 2014 EOQ/Long Lead	-						-
Airframe For FY 2015 EOQ/Long Lead	-						-
Airframe For FY 2016 EOQ/Long Lead	-						85.828
CC/Avionics For FY 2013 EOQ/Long Lead	-						-
CC/Avionics For FY 2014 EOQ/Long Lead	-						-
CC/Avionics For FY 2015 EOQ/Long Lead	-						-
CC/Avionics For FY 2016 EOQ/Long Lead	-						20.858
<i>Total: EOQ</i>							106.686
Total Advance Procurement/Obligation Authority							106.686

Description:
Contractor Furnished Equipment (CFE) long lead/ Economic Order Quantity (EOQ) funding procures, via MYP8, the airframe components with lead times requiring Advanced Procurement funds and, via MYP2, the required Mission System Avionics Suite & Common Cockpit (CC) with lead times requiring Advanced Procurement funds. The MH-60R MYP2 contract does not breakout these items as they are procured as a total mission systems and common cockpit suite. Government Furnished Equipment (GFE) long lead items include Integrated Mechanical Diagnostics (IMDS), Rate Gyros, Forward Looking Infrared (FLIR) Hand Control Units, BRU-14 bomb racks, Cartridge Activated Devices (CADS), and other miscellaneous avionics requirements (14-27 months PLT) which are necessary to maintain the MH-60R delivery schedule.