

Exhibit MYP-I, Multiyear Procurement CriteriaProgram: V-22 OSPREY (All Services)

## 1. Multiyear Procurement Description:

This proposed follow-on multiyear procurement (MYP) covers the purchase of 98 V-22 aircraft in FY2013 through FY2017 under a single, five-year, fixed-price type contract. This procurement includes 91 MV-22 and 7 CV-22 aircraft. The MYP strategy is structured to achieve \$852.4 Million (TY\$) in savings over the five-year period within the Aircraft Procurement, Navy; Aircraft Procurement, Air Force; and Defense-Wide Procurement appropriations. This proposed MYP contract follows nine years of Low Rate Initial Production (LRIP)(FY1997-2005), two years of Full Rate Production (FY2006-2007), and five years of production under the initial MYP (FY2008-FY2012). Note the 7 CV-22 aircraft are being jointly procured by Air Force and Special Operations Command (SOCOM).

The MYP will include a Variation in Quantity clause and/or an Options clause allowing for minor fluctuation of aircraft quantities from the PB-13 budget position.

## 2. Benefit to the Government:

## a. Substantial Savings:

Implementation of this proposed MYP will yield substantial savings through the term of the contract. Specifically, savings for FY2013 through FY2017 attributable to this MYP strategy is estimated at \$852.4 Million (TY\$), for a total of 11.6%.

Overhead rates are projected to be lower as a result of stable and continuous production. A MYP provides a stable production base which alleviates year-to-year fluctuation of forward pricing rates. In addition, the long term stable procurement increases the likelihood the prime contractor will include other potential aircraft buys (i.e., Foreign Military Sales (FMS) and Other Government Aircraft sales) in the assumed business base pricing for all five years of the planned MYP.

Labor costs are projected to be significantly lower due to enhanced workforce stability. This stability is based on an expected lower employee turnover from having a guaranteed minimum production base to forecast labor needs, and avoiding hiring spikes and sudden layoffs. In addition, the more stable workforce will minimize loss of learning accumulated from previous multiyear procurements.

Material costs are projected to be significantly lower in MYP. Annual procurements result in aircraft quantities potentially fluctuating from year to year. A fluctuating business base leads to increased number of purchase orders compared to MYP. The prospect of a long term, five year buy enables prime contractor to secure Long Term Agreements (LTAs) with suppliers and make greater use of Economic Order Quantity (EOQ) buys, as well as utilize work force more efficiently. A MYP allows prime contractor to be more aggressive in the pursuit of LTAs with major suppliers.

Similarly, reducing the number of setups can provide significant savings when producing components or materials with high setup-to-run ratios, where the dollar value of the component or material is low. Low-value castings, sheet metal procurements, and forgings are examples of areas in which lower prices can be negotiated with suppliers based on reduced setup costs associated with larger quantity procurements.

P-1 Shopping List - Item No 9 &amp; 10

Exhibit MYP-1, Multiyear Procurement Criteria  
(MYP, Page 1 of 17)

Exhibit MYP-1, Multiyear Procurement CriteriaProgram: V-22 OSPREY (All Services)

## 2. Benefit to the Government (continued):

Multiyear buys support broadening the competitive base with opportunity for participation by suppliers not otherwise willing or able to compete for single year procurements, particularly in cases involving high startup costs. In addition, the contractor is more likely to second source items and drive costs down, which would be less incentivized in a Single Year Procurement (SYP) environment. The contractor is also more motivated to improve productivity through investment in capital facilities, equipment and advanced manufacturing technology.

Many electronic components have minimum-buy quantities that may not be met under single-year procurements, driving up unit costs so that total cost is artificially high. MYP quantities will allow the prime contractor and subcontractors at all tiers to meet or exceed minimum-order quantities and capture cost avoidance on many components. Typically, suppliers will provide price discounts to lock in business. Given a five-year contract, suppliers will have greater total business and stability. Therefore, they will be incentivized to find innovative processes and be able to justify capital investments necessary to reduce costs. Some of these cost reductions will be passed on to the customer in the form of price reductions. In addition to these types of process innovations and capital investments, competition is expected to be greater based on larger purchase volumes, and obsolescence risks and costs (principal concerns in electronic components) are expected to be minimized.

In general, parts obsolescence is minimized in a multiyear environment, as suppliers utilize EOQ buys and lifetime buys, maintaining efficient production and minimizing disruption. The contractor and its suppliers are more likely to go out on risk to protect parts identified as no longer available in the marketplace. Under a SYP, the contractor and its suppliers would be less inclined to continue this practice because of the uncertainty of future aircraft quantities and contract awards.

Since some suppliers include proposal preparation and negotiation as a direct charge to the purchase order, there will be a dollar for dollar reduction in these cases and the cost avoidance will not get lost in overhead rates. The contractor and its suppliers--in addition to the Government--will avoid the costs associated with submittal, evaluation and negotiation of proposals for each single year contract, as well as the subsequent post-award audits for each single year contract.

In addition, more favorable labor costs, material costs and overhead rates are anticipated to have a synergistic impact on the overall cost of this MYP buy. The business base impact from more stable planning in terms of labor force, material orders and overhead rates can be captured by the government as well as continued inflation benefits from a stable buy utilizing economic material orders.

Profit in a MYP is also expected to be lower than in a SYP. The stability and predictability of a MYP should result in lower risk to the contractor, more favorable cost of capital, and improved opportunity cost calculations. The end result should be a lower percentage of profit relative to total costs.

P-1 Shopping List - Item No 9 &amp; 10

Exhibit MYP-1, Multiyear Procurement Criteria  
(MYP, Page 2 of 17)

Exhibit MYP-1, Multiyear Procurement CriteriaProgram: V-22 OSPREY (All Services)

## 2. Benefit to the Government (continued):

## b. Stability of Requirement:

The requirement for a Medium Lift Replacement (MLR) aircraft is well documented within the Services. The Joint Multi-Mission Vertical Lift Aircraft (JMVX) Operational Requirements Document (ORD) was approved by the Joint Requirements Oversight Council (JROC) in April 1995. The latest revision to the JMVX ORD (ORD Change 4) was approved in February 2005. The current V-22 Capability Production Document (CPD) is dated September 2010. The MV-22 continues to be a top priority of the Marine Corp; similarly, CV-22 is one of USSOCOM's top priorities in prosecuting terrorism and insurgent activities. If either of the Services has a need for additional aircraft during the term of the MYP, the contract will provide a mechanism by which the quantity of aircraft can be increased.

## c. Stability of Funding:

The Defense Acquisition Board (DAB) conducted a review of the V-22 program in September 2005 and directed the program to proceed to full rate production. In 2001, the Quadrennial Defense Review validated the Department's requirement for the V-22 and accelerated the production profile to speed deployment. The Navy, Air Force, and SOCOM have demonstrated commitment to a stable funding stream for the MV-22 and CV-22 through every phase of the budgeting process by fully funding the requirement across the Future Years Defense Program (FYDP). Funding support for the program has been consistently shown by the military services and the Congress.

## d. Stable Configuration:

The V-22 aircraft has completed over 130,000 flight hours. There are currently 13 operational squadrons meeting the Fleet operational demands, including those supporting combat operations in Operation Enduring Freedom (OEF) and on Marine Expeditionary Unit (MEU) deployments.

The V-22 program successfully completed its Operational Evaluation period in 2005, and was found to be operationally effective and suitable. The program reached initial operational capability (IOC) for the Marine Corps' MV-22 in June 2007 and USSOCOM's CV-22 in March 2009. At the end of the current MYP contract, the program will have delivered 16 production lots of aircraft. The V-22's demonstrated stability supports contract award of the second MYP and aircraft production beginning in FY2013 (Lot 17).

## e. Realistic Cost Estimates:

The current cost estimate is realistic and based upon the current multiyear contract extrapolated out to a follow-on MYP. The estimates are based on historical cost data/actuals for 14 production lots of aircraft, as well as a series of data/information provided by the contractor in January-July 2011. Review and validation by Secretary of Defense Office of Cost Assessment and Program Evaluation (CAPE) is planned to complete by February 2012.

Exhibit MYP-1, Multiyear Procurement CriteriaProgram: V-22 OSPREY (All Services)

## 2. Benefit to the Government (continued):

## f. National Security:

The Quadrennial Defense Review and Defense Planning Guidance have set total V-22 production quantities. These documents emphasize the criticality of the V-22 to the overall National Security Strategy and demonstrate the Department's commitment to properly fund this weapon system to the quantities proposed in the multiyear plan. The V-22 provides the armed forces and national leaders with a multi-mission aircraft capable of worldwide self-deployability, which allows for the continued execution of global military commitments while significantly reducing demands on finite strategic sealift and airlift assets.

The Marine Corps' Operational Maneuver from the Sea foresees warfare that requires tactically adaptive, technologically agile, opportunistic, and exploitative forces. Individuals and forces must be able to rapidly reorganize and reorient across a broad range of new tasks and missions in fluid operational environments. Additionally, the U.S. Special Operations Command (USSOCOM) variant (CV-22) is capable of penetrating politically or militarily denied areas to support special operations missions and collateral special operations activities (Executive Order 12333 (Special Activities)). Finally, dominant maneuver will provide U.S. forces with overwhelming and asymmetric advantages to accomplish assigned operational tasks. The dominant maneuver concept requires more flexible strategic and tactical sea and airlift. Procurements of the Marine Corps' MV-22 and Special Operations Force's CV-22 tiltrotor aircraft are examples of the Department's effort to improve long and medium range lift for national security objectives.

## 3. Source of Savings:

	\$ in Millions
Rates	\$ 145.5
Labor	\$ 156.8
Material	\$ 513.4
Profit	<u>\$ 36.7</u>
Total Savings	\$ 852.4

P-1 Shopping List - Item No 9 &amp; 10

Exhibit MYP-1, Multiyear Procurement Criteria  
(MYP, Page 4 of 17)

UNCLASSIFIED

Exhibit MYP-1, Multiyear Procurement CriteriaProgram: V-22 OSPREY (All Services)

## 4. Advantages of the MYP:

This MYP strategy has been structured to achieve substantial savings (\$852.4M) and will eliminate the need to develop an annual plan on a yearly basis; one year of planning will replace five independent years of planning. Savings resulting from economic order quantities, manufacturing initiatives, and independent planning result in significant benefit to industry and the Government.

## 5. Impact on Defense Industrial Base:

Implementation of this proposed MYP will yield a favorable impact on the industrial base. The stability afforded by the use of a MYP will allow the prime contractor to enter into long-term agreements with suppliers, at every tier, which will provide substantial cost avoidance. Such long-term agreements incentivize both the prime contractor and subcontractors to invest in process improvements that yield long-term benefits in terms of product quality and cost. The stability of the prime multiyear contract will also foster improved competition at the subcontractor level, as the offer of a longer term business arrangement will encourage more aggressive pursuit of a contract award. The prime contractor and subcontractors will be at a reduced risk when implementing production process improvements, facility improvements, tooling design improvements, and fabrication process improvements. The ability for the Government and industry to enter into a long-term agreement will allow industry the opportunity to place capital investments upfront, which reduces the overall cost and improves the quality of the V-22.

## 6. Multiyear Procurement Summary:

<u>\$ in Millions</u>	<u>Annual Contracts</u>	<u>Multiyear Contract</u>
Quantity	98	98
Total Contract Price	\$ 7,352.8	\$ 6,500.4
\$ Savings Over Annual		\$ 852.4
% Savings Over Annual		11.6%

\* V-22 programs are budgeted to support a follow-on multiyear strategy and not annual contracting. If MYP is not approved, the \$852.4M savings will need to be added to program funding levels to ensure that annual contracts are executable. There is no cancellation ceiling.

P-1 Shopping List - Item No 9 &amp; 10

Exhibit MYP-1, Multiyear Procurement Criteria  
(MYP, Page 5 of 17)

Exhibit MYP-2, Total Program Funding Plan						Date Feb-12										
All Services						P-1 Line Item Nomenclature - V-22 Osprey										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
<b>Annual Procurement</b>																
Proc Qty		21	21	19	19	18										98
Gross Cost (P-1)		1,902.0	1,992.3	1,808.5	1,753.6	1,722.1										9,178.4
Less PY Adv Proc		(86.6)	(86.6)	(74.7)	(75.9)	(67.4)										(391.3)
Net Proc (= P-1)		1,815.4	1,905.7	1,733.7	1,677.6	1,654.7										8,787.1
Plus CY Adv Proc	86.6	86.6	74.7	75.9	67.4	-										391.3
Weapon Sys Cost	86.6	1,902.0	1,980.4	1,809.7	1,745.1	1,654.7										9,178.4
<b>Multiyear Proc</b>																
Proc Qty		21	21	19	19	18										98
Gross Cost (P-1)	50.0	1,779.1	1,828.4	1,618.8	1,545.9	1,503.8										8,326.0
Less PY Adv Proc	-	(86.6)	(87.7)	(77.5)	(77.8)	(74.1)										(403.8)
Net Proc (=P-1)	50.0	1,692.5	1,740.6	1,541.3	1,468.1	1,429.7										7,922.2
Adv. Proc.																
' For FY13	86.6															86.6
' For FY14	-	87.7														87.7
' For FY15	-	31.8	45.8													77.5
' For FY16	-	29.6	5.9	42.3												77.8
' For FY17	-	22.3	3.5	-	48.2											74.1
Plus CY Adv Proc	86.6	171.4	55.2	42.3	48.2											403.8
Weapon Sys Cost	136.6	1,863.9	1,795.8	1,583.6	1,516.3	1,429.7										8,326.0
<b>Multiyear Savings (\$)</b>																
	(50.0)	38.1	184.6	226.1	228.7	225.0										852.4
<b>OUTLAYS</b>																
Annual	11.3	280.2	1,006.2	1,569.3	1,753.9	1,792.4	1,507.1	832.1	320.2	105.9						9,178.4
Multiyear	17.8	294.2	982.7	1,464.7	1,581.2	1,582.7	1,312.7	721.3	277.2	91.5						8,326.0
Savings	(6.5)	(14.1)	23.5	104.7	172.6	209.7	194.4	110.8	43.0	14.4						852.4

Remarks:  
FY 2012 Advance Procurement (AP) funds will be executed prior to the award of the planned FY 2013 MYP contract. Subsequent to the planned FY 2013 MYP contract award, the FY 2012 AP funds will be incorporated into the FY 2013 MYP contract as a separate contract line item (CLIN).  
MYP includes investment costs budgeted in NRE (\$50.0M in FY12) for Cost Reduction Initiatives yielding producibility improvements and savings.  
The current budget is based on a follow-on MYP.  
There is no cancellation ceiling.

P-1 Shopping List - Item No 9 & 10

Exhibit MYP-2, Total Program Funding Plan  
(MYP, Page 6 of 17)

Exhibit MYP-3, Total Contract Funding Plan						Date Feb-12										
All Services						P-1 Line Item Nomenclature - V-22										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
<b>Annual Procurement</b>																
Proc Qty		21	21	19	19	18										98
Airframce/CFE		1,515.1	1,557.0	1,425.5	1,450.1	1,405.1										7,352.8
Less PY Adv Proc		(81.9)	(80.9)	(69.0)	(70.2)	(61.9)										(363.8)
Net Proc (= P-1)		1,433.2	1,476.1	1,356.5	1,379.9	1,343.2										6,989.0
Plus CY Adv Proc	81.9	80.9	69.0	70.2	61.9	-										363.8
Contract Price	81.9	1,514.1	1,545.1	1,426.7	1,441.8	1,343.2										7,352.8
<b>Multiyear Proc</b>																
Proc Qty		21	21	19	19	18										98
Airframce/CFE	50.0	1,392.3	1,393.1	1,235.9	1,242.5	1,186.8										6,500.4
Less PY Adv Proc		(81.9)	(82.0)	(71.8)	(72.0)	(68.5)										(376.3)
Net Proc (=P-1)	50.0	1,310.3	1,311.0	1,164.1	1,170.4	1,118.2										6,124.1
Adv. Proc.																
' For FY13	81.928															81.9
' For FY14	0.000	82.013														82.0
' For FY15	0.000	31.756	40.017													71.8
' For FY16	0.000	29.601	5.897	36.548												72.0
' For FY17	0.000	22.324	3.546	0.000	42.653											68.5
Total Adv Proc	81.928	165.694	49.460	36.548	42.653											376.3
Contract Price	131.9	1,476.0	1,360.5	1,200.6	1,213.1	1,118.2										6,500.4
<b>Multiyear Savings (\$)</b>	(50.0)	38.1	184.6	226.1	228.7	225.0										852.4
																11.6%
<b>OUTLAYS</b>																
Annual	10.7	228.0	800.8	1,237.2	1,389.1	1,442.1	1,221.6	675.9	261.5	86.0						7,352.8
Multiyear	17.2	242.0	777.3	1,132.5	1,216.5	1,232.4	1,027.2	565.2	218.5	71.6						6,500.4
Savings	(6.5)	(14.1)	23.5	104.7	172.6	209.7	194.4	110.8	43.0	14.4						852.4

Remarks:

FY 2012 Advance Procurement (AP) funds will be executed prior to the award of the planned FY 2013 MYP contract. Subsequent to the planned FY 2013 MYP contract award, the FY 2012 AP funds will be incorporated into the FY 2013 MYP contract as a separate contract line item (CLIN).

MYP includes investment costs budgeted in NRE (\$50.0M in FY12) for Cost Reduction Initiatives yielding producibility improvements and savings.

The current budget is based on a follow-on MYP.

There is no cancellation ceiling.

P-1 Shopping List - Item No 9 & 10

Exhibit MYP-3, Total Contract Funding Plan  
(MYP, Page 7 of 17)

UNCLASSIFIED

Exhibit MYP-4, Present Value Analysis						Date Feb-12										
All Services						P-1 Line Item Nomenclature - V-22										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
<b>Annual Proposal</b>																
Then Year Cost	10.7	228.0	800.8	1,237.2	1,389.1	1,442.1	1,221.6	675.9	261.5	86.0	-	-	-	-	-	7,352.8
Constant Year Cost	10.5	221.9	765.9	1,162.4	1,282.1	1,307.5	1,088.0	591.4	224.8	72.6	-	-	-	-	-	6,727.1
Present Value	10.7	221.9	757.6	1,137.2	1,240.7	1,251.5	1,030.1	553.8	208.2	66.5	-	-	-	-	-	6,478.2
<b>Multiyear Proposal</b>																
Then Year Cost	17.2	242.0	777.3	1,132.5	1,216.5	1,232.4	1,027.2	565.2	218.5	71.6	-	-	-	-	-	6,500.4
Constant Year Cost	17.0	235.6	743.5	1,064.1	1,122.8	1,117.4	914.8	494.4	187.8	60.4	-	-	-	-	-	5,957.8
Present Value	17.2	235.6	735.4	1,041.0	1,086.5	1,069.5	866.1	463.0	174.0	55.4	-	-	-	-	-	5,743.8
<b>Difference</b>																
Then Year Cost	(6.5)	(14.1)	23.5	104.7	172.6	209.7	194.4	110.8	43.0	14.4	-	-	-	-	-	852.4
Constant Year Cost	(6.4)	(13.7)	22.4	98.3	159.3	190.1	173.1	96.9	36.9	12.2	-	-	-	-	-	769.2
Present Value	(6.5)	(13.7)	22.2	96.2	154.2	182.0	163.9	90.8	34.2	11.1	-	-	-	-	-	734.4
<b>Multiyear Savings (\$)</b>	(6.5)	(14.1)	23.5	104.7	172.6	209.7	194.4	110.8	43.0	14.4	-	-	-	-	-	852.4

Remarks:

Costs may not add due to rounding.  
Present value is calculated in accordance with DoD Instruction 7041.3.

P-1 Shopping List - Item No 9 & 10

Exhibit MYP-4, Present Value Analysis  
(MYP, Page 8 of 17)



Exhibit MYP-2, Total Program Funding Plan					Date Feb-12											
Aircraft Procurement, Navy/APN-1					P-1 Line Item Nomenclature - MV-22											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
<b>Annual Procurement</b>																
Proc Qty		17	18	19	19	18										91.0
Gross Cost (P-1)		1451.2	1642.0	1808.5	1753.6	1722.1										8,377.4
Less PY Adv Proc		-63.8	-69.4	-74.7	-75.9	-67.4										(351.2)
Net Proc (= P-1)		1387.4	1572.6	1733.7	1677.6	1654.7										8,026.1
Plus CY Adv Proc	63.8	69.4	74.7	75.9	67.4	0.0										351.2
Weapon Sys Cost	63.8	1456.8	1647.4	1809.7	1745.1	1654.7										8,377.4
<b>Multiyear Proc</b>																
Proc Qty		17	18	19	19	18										91.0
Gross Cost (P-1)	50.0	1366.9	1509.8	1618.8	1545.9	1503.8										7,595.2
Less PY Adv Proc	0.0	-63.8	-70.5	-77.5	-77.8	-74.1										(363.7)
Net Proc (=P-1)	50.0	1303.1	1439.2	1541.3	1468.1	1429.7										7,231.5
Adv. Proc.																
' For FY13	63.8															63.8
' For FY14		70.5														70.5
' For FY15		31.8	45.8													77.5
' For FY16		29.6	5.9	42.3												77.8
' For FY17		22.3	3.5		48.2											74.1
Plus CY Adv Proc	63.8	154.2	55.2	42.3	48.2	0.0										363.7
Weapon Sys Cost	113.8	1457.3	1494.4	1583.6	1516.3	1429.7										7,595.2
<b>Multiyear Savings (\$)</b>	-50.0	-0.5	152.9	226.1	228.7	225.0										782.2
<b>OUTLAYS</b>																
Annual	8.3	213.6	786.9	1306.3	1596.4	1721.9	1485.7	832.1	320.2	105.9						8,377.4
Multiyear	14.8	232.7	782.2	1225.3	1438.1	1518.7	1293.4	721.3	277.2	91.5						7,595.2
Savings	-6.5	-19.1	4.7	81.0	158.3	203.2	192.4	110.8	43.0	14.4						782.2

Remarks:

FY 2012 Advance Procurement (AP) funds will be executed prior to the award of the planned FY 2013 MYP contract. Subsequent to the planned FY 2013 MYP contract award, the FY 2012 AP funds will be incorporated into the FY 2013 MYP contract as a separate contract line item (CLIN).

MYP includes investment costs budgeted in NRE (\$50.0M in FY12) for Cost Reduction Initiatives yielding producibility improvements and savings.

The current budget is based on a follow-on MYP.

There is no cancellation ceiling.

P-1 Shopping List - Item No 9 & 10

Exhibit MYP-2, Total Program Funding Plan  
(MYP, Page 9 of 17)

Exhibit MYP-3, Total Contract Funding Plan						Date Feb-12										
Aircraft Procurement, Navy/APN-1						P-1 Line Item Nomenclature - MV-22										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
<b>Annual Procurement</b>																
Proc Qty		17	18	19	19	18										91
Airframce/CFE		1166.3	1289.9	1425.5	1450.1	1405.1										6,736.9
Less PY Adv Proc		-59.1	-63.6	-69.0	-70.2	-61.9										(323.8)
Net Proc (= P-1)		1107.3	1226.2	1356.5	1379.9	1343.2										6,413.2
Plus CY Adv Proc	59.1	63.6	69.0	70.2	61.9	0.0										323.8
Contract Price	59.1	1170.9	1295.2	1426.7	1441.8	1343.2										6,736.9
<b>Multiyear Proc</b>																
Proc Qty		17	18	19	19	18										91
Airframce/CFE	50.0	1082.0	1157.6	1235.9	1242.5	1186.8										5,954.7
Less PY Adv Proc	0.0	-59.1	-64.8	-71.8	-72.0	-68.5										(336.2)
Net Proc (=P-1)	50.0	1023.0	1092.8	1164.1	1170.4	1118.2										5,618.5
Adv. Proc.																
' For FY13	59.1															59.1
' For FY14		64.8														64.8
' For FY15		31.8	40.0													71.8
' For FY16		29.6	5.9	36.5												72.0
' For FY17		22.3	3.5		42.7											68.5
Total Adv Proc	59.1	148.5	49.5	36.5	42.7	0.0										336.2
Contract Price	109.1	1171.5	1142.3	1200.6	1213.1	1118.2										5,954.7
<b>Multiyear Savings (\$)</b>	-50.0	-0.5	152.9	226.1	228.7	225.0										782.2
																11.6%
<b>OUTLAYS</b>																
Annual	7.7	174.7	631.1	1036.4	1269.5	1388.7	1205.6	675.9	261.5	86.0						6,736.9
Multiyear	14.2	193.7	626.4	955.3	1111.2	1185.4	1013.2	565.2	218.5	71.6						5,954.7
Savings	-6.5	-19.1	4.7	81.0	158.3	203.2	192.4	110.8	43.0	14.4						782.2

Remarks:

FY 2012 Advance Procurement (AP) funds will be executed prior to the award of the planned FY 2013 MYP contract. Subsequent to the planned FY 2013 MYP contract award, the FY 2012 AP funds will be incorporated into the FY 2013 MYP contract as a separate contract line item (CLIN).

MYP includes investment costs budgeted in NRE (\$50.0M in FY12) for Cost Reduction Initiatives yielding producibility improvements and savings.

The current budget is based on a follow-on MYP.

There is no cancellation ceiling.

P-1 Shopping List - Item No 9 & 10

Exhibit MYP-3, Total Contract Funding Plan  
(MYP, Page 10 of 17)

Exhibit MYP-4, Present Value Analysis						Date Feb-12										
Aircraft Procurement, Navy/APN-1						P-1 Line Item Nomenclature - MV-22										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
<b>Annual Proposal</b>																
Then Year Cost	7.7	174.7	631.1	1,036.4	1,269.5	1,388.7	1,205.6	675.9	261.5	86.0						6,736.9
Constant Year Cost	7.6	170.0	603.6	973.7	1,171.7	1,259.0	1,073.7	591.4	224.8	72.6						6,148.1
Present Value	7.7	170.0	597.0	952.7	1,133.8	1,205.1	1,016.6	553.8	208.2	66.5						5,911.4
<b>Multiyear Proposal</b>																
Then Year Cost	14.2	193.7	626.4	955.3	1,111.2	1,185.4	1,013.2	565.2	218.5	71.6						5,954.7
Constant Year Cost	14.0	188.6	599.1	897.6	1,025.6	1,074.8	902.4	494.4	187.8	60.4						5,444.8
Present Value	14.2	188.6	592.6	878.2	992.5	1,028.7	854.4	463.0	174.0	55.4						5,241.5
<b>Difference</b>																
Then Year Cost	(6.5)	(19.1)	4.7	81.0	158.3	203.2	192.4	110.8	43.0	14.4						782.2
Constant Year Cost	(6.4)	(18.6)	4.5	76.2	146.1	184.3	171.3	96.9	36.9	12.2						703.3
Present Value	(6.5)	(18.6)	4.4	74.5	141.3	176.4	162.2	90.8	34.2	11.1						669.9
<b>Multiyear Savings (\$)</b>	(6.5)	(19.1)	4.7	81.0	158.3	203.2	192.4	110.8	43.0	14.4						782.2

Remarks:

Costs may not add due to rounding.

Present value is calculated in accordance with DoD Instruction 7041.3.

P-1 Shopping List - Item No 9 & 10

Exhibit MYP-4, Present Value Analysis  
(MYP, Page 11 of 17)

Exhibit MYP-2, Total Program Funding Plan						Date Feb-12										
Aircraft Procurement, Air Force						P-1 Line Item Nomenclature - CV-22 Osprey										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
<b>Annual Procurement</b>																
Proc Qty *		4	3													7
Gross Cost (P-1)		344.7	268.9													613.6
Less PY Adv Proc		(20.0)	(15.0)													(35.0)
Net Proc (= P-1)		324.7	253.9													578.6
Plus CY Adv Proc	20.0	15.0	-													35.0
Weapon Sys Cost	20.0	339.7	253.9													613.6
<b>Multiyear Proc</b>																
Proc Qty *		4	3													7
Gross Cost (P-1)	-	314.2	245.8													560.0
Less PY Adv Proc	-	(20.0)	(15.0)													(35.0)
Net Proc (=P-1)	-	294.2	230.8													525.0
Adv. Proc.																
' For FY13	20.0															20.0
' For FY14	-	15.0														15.0
' For FY15	-	-	-													-
' For FY16	-	-	-													-
' For FY17	-	-	-													-
Plus CY Adv Proc	20.0	15.0	-													35.0
Weapon Sys Cost	20.0	309.2	230.8													560.0
<b>Multiyear Savings (\$)</b>	-	30.5	23.1													53.6
<b>OUTLAYS</b>																
Annual	2.6	51.8	168.1	200.9	120.3	53.7	16.3									613.6
Multiyear	2.6	47.8	153.5	183.0	109.5	48.9	14.8									560.0
Savings	-	4.0	14.6	17.9	10.8	4.9	1.5									53.6

Remarks:

FY 2012 Advance Procurement (AP) funds will be executed prior to the award of the planned FY 2013 MYP contract. Subsequent to the planned FY 2013 MYP contract award, the FY 2012 AP funds will be incorporated into the FY 2013 MYP contract as a separate contract line item (CLIN).

\* Quantities for the CV-22 are shown under Appropriation 3010 (Aircraft Procurement, Air Force). In accordance with the approved program plan, the Air Force is funding the majority of the procurement cost for CV-22. USSOCOM is funding delta costs above the baseline aircraft for special operations force unique equipment.

The current budget is based on a follow-on MYP.

There is no cancellation ceiling.

P-1 Shopping List - Item No 9 & 10

Exhibit MYP-2, Total Program Funding Plan  
(MYP, Page 12 of 17)

UNCLASSIFIED

Exhibit MYP-3, Total Contract Funding Plan						Date Feb-12										
Aircraft Procurement, Air Force						P-1 Line Item Nomenclature - CV-22 Osprey										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
<b>Annual Procurement</b>																
Proc Qty *		4	3													7
Airframce/CFE		279.1	211.3													490.4
Less PY Adv Proc		(20.0)	(15.0)													(35.0)
Net Proc (= P-1)		259.1	196.3													455.4
Plus CY Adv Proc	20.0	15.0														35.0
Contract Price	20.0	274.1	196.3													490.4
<b>Multiyear Proc</b>																
Proc Qty *		4	3													7
Airframce/CFE	-	248.6	188.2													436.8
Less PY Adv Proc	-	(20.0)	(15.0)													(35.0)
Net Proc (=P-1)	-	228.6	173.2													401.8
Adv. Proc.																
' For FY13	20.0															20.0
' For FY14	-	15.0														15.0
' For FY15	-	-	-													-
' For FY16	-	-														-
' For FY17	-	-														-
Total Adv Proc	20.0	15.0	-													35.0
Contract Price	20.0	243.6	173.2													436.8
<b>Multiyear Savings (\$)</b>	-	30.5	23.1													53.6
																10.9%
<b>OUTLAYS</b>																
Annual	2.6	43.2	135.7	159.3	94.7	42.3	12.6									490.4
Multiyear	2.6	39.3	121.1	141.4	83.9	37.4	11.1									436.8
Savings	-	4.0	14.6	17.9	10.8	4.9	1.5									53.6

Remarks:

FY 2012 Advance Procurement (AP) funds will be executed prior to the award of the planned FY 2013 MYP contract. Subsequent to the planned FY 2013 MYP contract award, the FY 2012 AP funds will be incorporated into the FY 2013 MYP contract as a separate contract line item (CLIN).

\* Quantities for the CV-22 are shown under Appropriation 3010 (Aircraft Procurement, Air Force). In accordance with the approved program plan, the Air Force is funding the majority of the procurement cost for CV-22. USSOCOM is funding delta costs above the baseline aircraft for special operations force unique equipment.

The current budget is based on a follow-on MYP.

The FY12 AAC will be modified for inclusion in the MYP contract at the time of contract definitization in FY13.

There is no cancellation ceiling.

P-1 Shop P-1 Shopping List - Item No 9 & 10

Exhibit MYP-4, Present Value Analysis						Date Feb-12										
Aircraft Procurement, Air Force						P-1 Line Item Nomenclature - CV-22 Osprey										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
<b>Annual Proposal</b>																
Then Year Cost	2.6	43.2	135.7	159.3	94.7	42.3	12.6									490.4
Constant Year Cost	2.6	42.1	129.8	149.7	87.4	38.3	11.2									461.1
Present Value	2.6	42.1	128.4	146.5	84.6	36.7	10.6									451.4
<b>Multiyear Proposal</b>																
Then Year Cost	2.6	39.3	121.1	141.4	83.9	37.4	11.1									436.8
Constant Year Cost	2.6	38.2	115.8	132.9	77.5	33.9	9.9									410.7
Present Value	2.6	38.2	114.6	130.0	75.0	32.5	9.3									402.1
<b>Difference</b>																
Then Year Cost	-	4.0	14.6	17.9	10.8	4.9	1.5									53.6
Constant Year Cost	-	3.9	14.0	16.9	10.0	4.4	1.3									50.3
Present Value	-	3.9	13.8	16.5	9.6	4.2	1.2									49.2
<b>Multiyear Savings (\$)</b>	-	4.0	14.6	17.9	10.8	4.9	1.5									53.6

Remarks:

Costs may not add due to rounding.

Present value is calculated in accordance with DoD Instruction 7041.3.

P-1 Shopping List - Item No 9 & 10

Exhibit MYP-4, Present Value Analysis  
(MYP, Page 14 of 17)

Exhibit MYP-2, Total Program Funding Plan						Date Feb-12										
Defense-Wide Procurement, SOCOM						P-1 Line Item Nomenclature - CV-22 Modification										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
<b>Annual Procurement</b>																
Proc Qty *		-	-													-
Gross Cost (P-1)		106.1	81.3													187.4
Less PY Adv Proc		(2.9)	(2.2)													(5.1)
Net Proc (= P-1)		103.3	79.1													182.4
Plus CY Adv Proc	2.9	2.2	-													5.1
Weapon Sys Cost	2.9	105.5	79.1													187.4
<b>Multiyear Proc</b>																
Proc Qty *		-	-													-
Gross Cost (P-1)	-	98.0	72.8													170.8
Less PY Adv Proc	-	(2.9)	(2.2)													(5.1)
Net Proc (=P-1)	-	95.2	70.6													165.8
Adv. Proc.																
' For FY13	2.9															2.9
' For FY14	-	2.2														2.2
' For FY15	-	-	-													-
' For FY16	-	-														-
' For FY17	-	-	-													-
Plus CY Adv Proc	2.9	2.2	-													5.1
Weapon Sys Cost	2.9	97.4	70.6													170.8
<b>Multiyear Savings (\$)</b>																
	-	8.1	8.5													16.6
<b>OUTLAYS</b>																
Annual	0.4	14.8	51.2	62.1	37.2	16.7	5.1									187.4
Multiyear	0.4	13.7	47.0	56.4	33.6	15.1	4.5									170.8
Savings	-	1.1	4.2	5.7	3.6	1.6	0.5									16.6

Remarks:

FY 2012 Advance Procurement (AP) funds will be executed prior to the award of the planned FY 2013 MYP contract. Subsequent to the planned FY 2013 MYP contract award, the FY 2012 AP funds will be incorporated into the FY 2013 MYP contract as a separate contract line item (CLIN).

\* Quantities for the CV-22 are shown under Appropriation 3010 (Aircraft Procurement, Air Force). In accordance with the approved program plan, the Air Force is funding the majority of the procurement cost for CV-22. USSOCOM is funding delta costs above the baseline aircraft for special operations force unique equipment.

The current budget is based on a follow-on MYP.

There is no cancellation ceiling.

P-1 Shopping List - Item No 9 & 10

Exhibit MYP-2, Total Program Funding Plan  
(MYP, Page 15 of 17)

Exhibit MYP-3, Total Contract Funding Plan						Date Feb-12										
Defense-Wide Procurement, SOCOM						P-1 Line Item Nomenclature - CV-22 Modification										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
<b>Annual Procurement</b>																
Proc Qty *		-	-													-
Airframce/CFE		69.7	55.8													125.5
Less PY Adv Proc		(2.9)	(2.2)													(5.1)
Net Proc (= P-1)		66.9	53.6													120.4
Plus CY Adv Proc	2.9	2.2	-													5.1
Contract Price	2.9	69.1	53.6													125.5
<b>Multiyear Proc</b>																
Proc Qty *		-	-													-
Airframce/CFE	-	61.6	47.3													108.9
Less PY Adv Proc	-	(2.9)	(2.2)													(5.1)
Net Proc (=P-1)	-	58.7	45.1													103.8
Adv. Proc.																
' For FY13	2.9	-														2.9
' For FY14	-	2.2														2.2
' For FY15	-	-	-													-
' For FY16	-	-	-													-
' For FY17	-	-	-													-
Total Adv Proc	2.9	2.2	-													5.1
Contract Price	2.9	61.0	45.1													108.9
<b>Multiyear Savings (\$)</b>																
	-	8.1	8.5													16.6
																13.2%
<b>OUTLAYS</b>																
Annual	0.4	10.1	34.1	41.4	25.0	11.2	3.4									125.5
Multiyear	0.4	9.0	29.9	35.8	21.4	9.6	2.9									108.9
Savings	-	1.1	4.2	5.7	3.6	1.6	0.5									16.6

Remarks:

FY 2012 Advance Procurement (AP) funds will be executed prior to the award of the planned FY 2013 MYP contract. Subsequent to the planned FY 2013 MYP contract award, the FY 2012 AP funds will be incorporated into the FY 2013 MYP contract as a separate contract line item (CLIN).

\* Quantities for the CV-22 are shown under Appropriation 3010 (Aircraft Procurement, Air Force). In accordance with the approved program plan, the Air Force is funding the majority of the procurement cost for CV-22. USSOCOM is funding delta costs above the baseline aircraft for special operations force unique equipment.

The current budget is based on a follow-on MYP.

The FY12 AAC will be modified for inclusion in the MYP contract at the time of contract definitization in FY13.

There is no cancellation ceiling.

P-1 Shopping List - Item No 9 & 10

Exhibit MYP-3, Total Contract Funding Plan  
(MYP, Page 16 of 17)



Exhibit MYP-4, Present Value Analysis						Date Feb-12										
Defense-Wide Procurement, SOCOM						P-1 Line Item Nomenclature - CV-22 Modification										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL
<b>Annual Proposal</b>																
Then Year Cost	0.4	10.1	34.1	41.4	25.0	11.2	3.4									125.5
Constant Year Cost	0.4	9.8	32.6	38.9	23.0	10.1	3.1									117.9
Present Value	0.4	9.8	32.2	38.1	22.3	9.7	2.9									115.4
<b>Multiyear Proposal</b>																
Then Year Cost	0.4	9.0	29.9	35.8	21.4	9.6	2.9									108.9
Constant Year Cost	0.4	8.8	28.6	33.6	19.7	8.7	2.6									102.3
Present Value	0.4	8.8	28.3	32.9	19.1	8.3	2.4									100.1
<b>Difference</b>																
Then Year Cost	-	1.1	4.2	5.7	3.6	1.6	0.5									16.6
Constant Year Cost	-	1.0	4.0	5.3	3.3	1.4	0.5									15.6
Present Value	-	1.0	4.0	5.2	3.2	1.4	0.5									15.2
<b>Multiyear Savings (\$)</b>	-	1.1	4.2	5.7	3.6	1.6	0.5									16.6

Remarks:

Costs may not add due to rounding.

Present value is calculated in accordance with DoD Instruction 7041.3.

P-1 Shopping List - Item No 9 & 10

Exhibit MYP-4, Present Value Analysis  
(MYP, Page 17 of 17)

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