

## Exhibit MYP-1, Multiyear Procurement Criteria

Date:  
March 2023

### Appropriation / Budget Activity:

3020 Missile Procurement - Air Force / Spares and Repair Parts (BA-04)

### P-1 Item Nomenclature:

LRASM

#### 1. Multiyear Procurement Description:

In the FY 2024 budget request, the Department of Defense is initiating a Multiyear Procurement (MYP) strategy for AMRAAM; JASSM; LRASM; and STANDARD MISSILE-6, under the Large Lot Procurement (LLP) concept in which individual MYPs would be executed in a concurrent and overlapping multiyear strategy so that synergies in production across different but related programs can generate efficiencies and result in greater production capacity, accelerated delivery, and lower unit costs. LLP represents an evolution of the existing MYP contracting and financing strategy, that leverages the savings generated through the use of Economic Order Quantities (EOQ) financing to procure additional lots of missiles under a Buy-to-Budget concept, to further improve efficiencies and yields. In addition, the MYP supports the procurement of critical munitions and enables substantial progress towards improving inventory objective requirements to meet the National Defense Strategy.

#### 2. Benefit to the Government:

##### a. Substantial Savings:

Savings associated with this MYP will principally be achieved as a result of Economic Order Quantity (EOQ) investments. Procuring select components using EOQ money will allow the prime contractor and/or subcontractor(s) to order multiple lots of components at a reduced price. Additionally, the Defense Industrial Base (DIB) money in FY 2024 will offer industry motivation to implement production and facilitization improvements necessary to reduce costs throughout the life of the LRASM program.

The Air Force is using the authorities granted by the 2023 NDAA, Section 1244, Subsection 3, "Limited Applicability of Other Law," to waive several requirements outlined in Section 3501 of title 10, United States Code to initiate a multi-year procurement contract in accordance with Congressional intent. Per the NDAA, the only provisions of Section 3501 of title 10, United States Code that shall apply are the following: (A) Subsection (f), (B) Subsection (g), (C) Subsection (i)(1), and (D) Subsection (l)(3).

The requirement to document and verify Substantial Savings has been waived. OSD CAPE analysis is underway and will be updated with actual savings NLT 30 days prior to a multi-year procurement contract award in FY24.

##### b. Stability of Requirement:

The Air Force is using the authorities granted by the 2023 NDAA, Section 1244, Subsection 3, "Limited Applicability of Other Law," to waive several requirements outlined in Section 3501 of title 10, United States Code to initiate a multi-year procurement contract in accordance with Congressional intent. Per the NDAA, the only provisions of Section 3501 of title 10, United States Code that shall apply are the following: (A) Subsection (f), (B) Subsection (g), (C) Subsection (i)(1), and (D) Subsection (l)(3).

The requirement to document and verify Stability of Requirement has been waived.

##### c. Stability of Funding:

The Air Force is using the authorities granted by the 2023 NDAA, Section 1244, Subsection 3, "Limited Applicability of Other Law," to waive several requirements outlined in Section 3501 of title 10, United States Code to initiate a multi-year procurement contract in accordance with Congressional intent. Per the NDAA, the only provisions of

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Section 3501 of title 10, United States Code that shall apply are the following: (A) Subsection (f), (B) Subsection (g), (C) Subsection (i)(1), and (D) Subsection (l)(3).

The requirement to document and verify Stability of Funding has been waived.

#### **d. Stable Configuration:**

The Air Force is using the authorities granted by the 2023 NDAA, Section 1244, Subsection 3, "Limited Applicability of Other Law," to waive several requirements outlined in Section 3501 of title 10, United States Code to initiate a multi-year procurement contract in accordance with Congressional intent. Per the NDAA, the only provisions of Section 3501 of title 10, United States Code that shall apply are the following: (A) Subsection (f), (B) Subsection (g), (C) Subsection (i)(1), and (D) Subsection (l)(3).

The requirement to document and verify a Stable Design has been waived.

#### **e. Realistic Cost Estimate:**

The Air Force is using the authorities granted by the 2023 NDAA, Section 1244, Subsection 3, "Limited Applicability of Other Law," to waive several requirements outlined in Section 3501 of title 10, United States Code to initiate a multi-year procurement contract in accordance with Congressional intent. Per the NDAA, the only provisions of Section 3501 of title 10, United States Code that shall apply are the following: (A) Subsection (f), (B) Subsection (g), (C) Subsection (i)(1), and (D) Subsection (l)(3).

The requirement to document and verify Realistic Cost Elements has been waived. OSD CAPE analysis is underway and will be updated with realistic cost estimates NLT 30 days prior to a multi-year procurement contract award in FY24.

#### **f. National Security:**

In the FY 2024 budget request, the Department of Defense is initiating a Multiyear Procurement (MYP) strategy for AMRAAM; JASSM; LRASM; and STANDARD MISSILE-6. The MYP concept supports the procurement of critical munitions and enables substantial progress towards improving inventory objective requirements to meet the National Defense Strategy.

LRASM was delivered as an Early Operational Capability (EOC) to meet the most urgent air-launched requirement, significantly reducing Joint Force warfighting risks and positioning the DoD to address evolving surface warfare threats. LRASM remains a viable interim capability pending the determination of the long-term Offensive Anti-Surface Warfare (OASuW) solution by evolving capability necessary to outpace a dynamic threat. The C-1 configuration will ensure continued tactical dominance against capital ships and land strike targets.

### **3. Source of Savings:**

The Air Force is using the authorities granted by the 2023 NDAA, Section 1244, Subsection 3, "Limited Applicability of Other Law," to waive several requirements outlined in Section 3501 of title 10, United States Code to initiate a multi-year procurement contract in accordance with Congressional intent. Per the NDAA, the only provisions of Section 3501

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The requirement to document and verify Source of Savings has been waived. OSD CAPE analysis is underway and will be updated with actual savings NLT 30 days prior to a multi-year procurement contact award in FY24. There are no current estimates for Sources of Savings at this time.

	<u>\$</u>	<u>in Millions</u>
Inflation	\$	0.0000
Vendor Procurement	\$	0.0000
Manufacturing	\$	0.0000
Design/Engineering	\$	0.0000
Tool Design	\$	0.0000
Support Equipment	\$	0.0000
Other	\$	0.0000
Workload Savings	\$	0.0000
<b>Total</b>	<b>\$</b>	<b>0.0000</b>

#### 4. Advantages of the MYP:

Concurrent and overlapping MYP at a parallel production line/facility and optimizing savings to procure additional end items is categorized as Large Lot Procurement (LLP), in which the synergy in production of similar components for the same Tier I, II, and III industrial base producers in an MYP environment can be aligned towards production efficiencies.

#### 5. Impact on Defense Industrial Base:

The individual MYP contracts will send a strong and reliable demand signal to the industrial base that highlights the Department's commitment to increasing weapons procurement throughout the FYDP.