

**Exhibit MYP-1, Multiyear Procurement Criteria**Date:  
2024**Appropriation / Budget Activity:**

1507 Weapons Procurement - Navy / Other Missiles (BA-02)

**P-1 Item Nomenclature:**

Naval Strike Missile (NSM)

**1. Multiyear Procurement Description:**

This proposal would provide authority for the Secretary of Navy to enter into a multiyear contract for the procurement of up to 516 Naval Strike Missiles (NSM) for the fiscal year (FY) 2024 through FY 2028 program. Advance procurement for economic order quantities begin in FY 2024. This is a five year MYP contract.

This multiyear contract uses Economic Order Quantity Advance Procurement funding to provide the U.S. Government maximum savings in price. Advance Procurement funding will enable material and component suppliers and subcontractors with sufficient lead time to support the planned delivery schedule within the context of the multiyear funding, prices, and cancellation ceilings.

The Over the Horizon Weapon System (OTH-WS) Naval Strike Missile is one of the core Department of the Navy missile programs and is approved through the current Future Years The Navy requirement for OTH-WS NSM is well documented in the Capability Description Document (CDD) for the Littoral Combat Ship validated 20 April 2017 and the Frigate, Guided Missile CDD dated 11 February 2019, by the Joint Requirements Oversight Council.

**2. Benefit to the Government:****a. Substantial Savings:**

Implementation of this proposed multiyear procurement (MYP) will yield substantial savings through the term of the contract. Specifically, savings for FY 2024 through FY 2028 attributable to this MYP strategy is estimated at \$153.6 million for a total of 13.6 percent contract savings.

**b. Stability of Requirement:****c. Stability of Funding:**

Sufficient funding exists within current budget controls to execute this procurement plan. The NSM program is one of the core Department of the Navy missile programs and is approved through the current Future Year Defense Program. The Navy has demonstrated its commitment to a stable funding stream for the NSM MYP through every step of this year's budget process by fully funding the requirement. The commitment was reaffirmed by top level Navy and DoD leadership through its support in the final budget submission.

**d. Stable Configuration:****e. Realistic Cost Estimate:**

Cost Estimates reflect experience with Navy NSM procurements since 2018. NSM actual historical contract data is used to support the Independent Government Cost Estimate (IGCE) cost estimates for the MYP procurement. The NAVSEA SYSCOM prepared an ICE for Milestone C decision in 2021, which became the basis for the current Acquisition Performance Baseline (APB) approved November 2022. The program remains within the APB threshold.

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(MYP, Page 1 of 10)

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The FY 2024 through FY 2028 MYP is planned for USN and USMC NSM procurements. There is a high degree of confidence the NSM program can achieve the stated savings and procure the MYP missiles within the funding identified.

**f. National Security:**

**3. Source of Savings:**

The stability and upfront material purchase of a multiyear contract for NSM will enable the Prime Contractor and its suppliers to implement a more efficient planning and manufacturing cycle predicated on a production rate that supports the delivery cycle.

	<b>\$ in Millions</b>
Inflation	\$ 0.0000
Vendor Procurement	\$ 153.5610
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>\$ 153.5610</b>

**4. Advantages of the MYP:**

The proposed multiyear contract provides significant savings over a year-by-year contracting approach. Savings from economic order quantities and independent planning result in a benefit to industry and government. In addition to providing substantial cost savings, MYP will provide the following benefits: (1) generate significant savings compared to the annual procurement estimates; (2) provide a long-term commitment to industry, stabilizing employment and the industrial base; (3) reduce disruptions in vendor delivery schedules; (4) improve procurement stability. MYP would permit the use of Advance Procurement (AP) and economic order quantity (EOQ) procurement to reduce the cost of subcontractor effort, material, and components enabling greater production efficiencies and substantial cost savings.

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

The stability afforded by the use of a multiyear procurement will allow the prime contractor to enter into long term agreements with suppliers, at every tier, which provide substantial benefit. Such long term agreements incentivize both the prime and the subcontractors to invest in process improvements that yield long term benefits in terms of product quality and cost. the contractor and subcontractor 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 Naval Strike Missile (NSM).

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**6. Multiyear Procurement Summary:**

	<u>Annual Contracts</u>	<u>MultiYear Contract</u>
Quantity	516	516
Total Contract Price	\$1,150.052	\$992.064
Cancellation Ceiling (highest point)		
Funded		\$ 0.000
Unfunded		\$ 0.000
\$ Cost Avoidance Over Annual		\$157.988
% Cost Avoidance Over Annual		13.7%

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Exhibit MYP-2 Total Program Funding Plan (NAVY)						Date: 2024									
PROCUREMENT						P-1 Line Item Nomenclature - Naval Strike Missile (NSM) (NAVY)									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	TOTAL	
<b>Procurement Quantity</b>	13	12	13	14	14									66	
<b>Annual Procurement</b>															
Gross Cost	34.6	33.2	35.0	36.7	37.5									177.0	
Less PY Adv Procurement															
Net Procurement (= P-1)	34.6	33.2	35.0	36.7	37.5									177.0	
Plus CY Adv Procurement															
Weapon System Cost	34.6	33.2	35.0	36.7	37.5									177.0	
<b>Multiyear Procurement</b>															
Gross Cost (P-1)	29.9	28.7	30.2	31.7	32.4									152.9	
Less PY Adv Procurement		(3.8)	(3.8)	(3.8)	(3.8)									(15.3)	
Net Procurement (= P-1)	29.9	24.9	26.4	27.9	28.5									137.6	
<b>Advance Procurement</b>															
For FY25	3.8													3.8	
For FY26	1.2	2.7												3.8	
For FY27	0.8	1.0	2.1											3.8	
For FY28		0.8	1.0	2.1										3.8	
Plus CY Adv Procurement	5.8	4.4	3.1	2.1										15.3	
Weapon System Cost	35.6	29.3	29.4	30.0	28.5									152.9	
<b>Multiyear Savings (\$)</b>	(1.1)	3.9	5.5	6.7	8.9									24.1	
Multiyear Savings (%) (total only)														13.6%	
Cancellation Ceiling, Funded															
Cancellation Ceiling, Unfunded															
<b>OUTLAYS</b>															
Annual															
Multiyear															
Savings															

P-1 Shopping List - Item No  
02-2292

\* Numbers may not add due to rounding.

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Exhibit MYP-3 Total Contract Funding Plan (NAVY)						Date: 2024									
PROCUREMENT						P-1 Line Item Nomenclature - Naval Strike Missile (NSM) (NAVY)									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	TOTAL	
<b>Procurement Quantity</b>	13	12	13	14	14									66	
<b>Annual Procurement</b>															
Gross Cost	32.5	30.6	32.6	34.7	34.9									165.3	
Less PY Adv Procurement															
Net Procurement (= P-1)	32.5	30.6	32.6	34.7	34.9									165.3	
Plus CY Adv Procurement															
Contract Price	32.5	30.6	32.6	34.7	34.9									165.3	
<b>Multiyear Procurement</b>															
Gross Cost (P-1)	27.8	26.1	27.8	29.7	29.8									141.3	
Less PY Adv Procurement		(3.8)	(3.8)	(3.8)	(3.8)									(15.3)	
Net Procurement (= P-1)	27.8	22.2	24.0	25.9	26.0									125.9	
<b>Advance Procurement</b>															
For FY25	3.8													3.8	
For FY26	1.2	2.7												3.8	
For FY27	0.8	1.0	2.1											3.8	
For FY28		0.8	1.0	2.1										3.8	
Plus CY Adv Procurement	5.8	4.4	3.1	2.1										15.3	
Contract Price	33.6	26.7	27.1	28.0	26.0									141.3	
<b>Multiyear Savings (\$)</b>	(1.1)	3.9	5.5	6.7	8.9									24.1	
Multiyear Savings (%) (total only)														14.6%	
Cancellation Ceiling, Funded															
Cancellation Ceiling, Unfunded															
<b>OUTLAYS</b>															
Annual															
Multiyear															
Savings															

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02-2292

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Exhibit MYP-2 Total Program Funding Plan (NAVY)						Date: 2024									
PROCUREMENT						P-1 Line Item Nomenclature - Naval Strike Missile (NSM) (USMC)									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	TOTAL	
<b>Procurement Quantity</b>	90	90	90	90	90									450	
<b>Annual Procurement</b>															
Gross Cost	196.4	197.7	196.7	196.6	197.3									984.7	
Less PY Adv Procurement															
Net Procurement (= P-1)	196.4	197.7	196.7	196.6	197.3									984.7	
Plus CY Adv Procurement															
Weapon System Cost	196.4	197.7	196.7	196.6	197.3									984.7	
<b>Multiyear Procurement</b>															
Gross Cost (P-1)	169.7	170.8	169.9	169.9	170.4									850.8	
Less PY Adv Procurement		(26.2)	(26.2)	(26.2)	(26.2)									(104.7)	
Net Procurement (= P-1)	169.7	144.7	143.8	143.7	144.3									746.1	
<b>Advance Procurement</b>															
For FY25	26.2													26.2	
For FY26	7.8	18.3												26.2	
For FY27	5.2	6.5	14.4											26.2	
For FY28		5.2	6.5	14.4										26.2	
Plus CY Adv Procurement	39.2	30.1	20.9	14.4										104.7	
Weapon System Cost	209.0	174.8	164.7	158.1	144.3									850.8	
<b>Multiyear Savings (\$)</b>	(12.5)	23.0	32.0	38.5	53.0									133.9	
Multiyear Savings (%) (total only)														13.6%	
Cancellation Ceiling, Funded															
Cancellation Ceiling, Unfunded															
<b>OUTLAYS</b>															
Annual															
Multiyear															
Savings															

P-1 Shopping List - Item No  
01-2292

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Exhibit MYP-3 Total Contract Funding Plan (NAVY)						Date: 2024									
PROCUREMENT						P-1 Line Item Nomenclature - Naval Strike Missile (NSM) (USMC)									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	TOTAL	
<b>Procurement Quantity</b>	90	90	90	90	90									450	
<b>Annual Procurement</b>															
Gross Cost	196.4	197.7	196.7	196.6	197.3									984.7	
Less PY Adv Procurement															
Net Procurement (= P-1)	196.4	197.7	196.7	196.6	197.3									984.7	
Plus CY Adv Procurement															
Contract Price	196.4	197.7	196.7	196.6	197.3									984.7	
<b>Multiyear Procurement</b>															
Gross Cost (P-1)	169.7	170.8	169.9	169.9	170.4									850.8	
Less PY Adv Procurement		(26.2)	(26.2)	(26.2)	(26.2)									(104.7)	
Net Procurement (= P-1)	169.7	144.7	143.8	143.7	144.3									746.1	
<b>Advance Procurement</b>															
For FY25	26.2													26.2	
For FY26	7.8	18.3												26.2	
For FY27	5.2	6.5	14.4											26.2	
For FY28		5.2	6.5	14.4										26.2	
Plus CY Adv Procurement	39.2	30.1	20.9	14.4										104.7	
Contract Price	209.0	174.8	164.7	158.1	144.3									850.8	
<b>Multiyear Savings (\$)</b>	(12.5)	23.0	32.0	38.5	53.0									133.9	
Multiyear Savings (%) (total only)														13.6%	
Cancellation Ceiling, Funded															
Cancellation Ceiling, Unfunded															
<b>OUTLAYS</b>															
Annual															
Multiyear															
Savings															

P-1 Shopping List - Item No  
01-2292

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UNCLASSIFIED

Exhibit MYP-2 Total Program Funding Plan (All Services)						Date: 2024									
All Services						P-1 Line Item Nomenclature - Naval Strike Missile (NSM)									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	TOTAL	
<b>Procurement Quantity</b>	103	102	103	104	104									516	
<b>Annual Procurement</b>															
Gross Cost	231.0	231.0	231.6	233.3	234.7									1161.7	
Less PY Adv Procurement															
Net Procurement (= P-1)	231.0	231.0	231.6	233.3	234.7									1161.7	
Plus CY Adv Procurement															
Weapon System Cost	231.0	231.0	231.6	233.3	234.7									1161.7	
<b>Multiyear Procurement</b>															
Gross Cost (P-1)	199.6	199.6	200.1	201.6	202.8									1003.7	
Less PY Adv Procurement		(30.0)	(30.0)	(30.0)	(30.0)									(120.0)	
Net Procurement (= P-1)	199.6	169.6	170.1	171.6	172.8									883.7	
<b>Advance Procurement</b>															
For FY25	30.0													30.0	
For FY26	9.0	21.0												30.0	
For FY27	6.0	7.5	16.5											30.0	
For FY28		6.0	7.5	16.5										30.0	
Plus CY Adv Procurement	45.0	34.5	24.0	16.5										120.0	
Weapon System Cost	244.6	204.1	194.1	188.1	172.8									1003.7	
<b>Multiyear Savings (\$)</b>	(13.6)	26.9	37.5	45.2	61.9									158.0	
Multiyear Savings (%) (total only)														13.6%	
Cancellation Ceiling, Funded															
Cancellation Ceiling, Unfunded															
<b>OUTLAYS</b>															
Annual															
Multiyear															
Savings															

Exhibit MYP-2 Total Program Funding Plan (All Services)						Date: 2024									
All Services						P-1 Line Item Nomenclature - Naval Strike Missile (NSM)									
P-1 Shopping List - Item No 01-2292 02-2292															

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Exhibit MYP-3 Total Contract Funding Plan (All Services)						Date: 2024									
All Services						P-1 Line Item Nomenclature - Naval Strike Missile (NSM)									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	TOTAL	
<b>Procurement Quantity</b>	103	102	103	104	104									516	
<b>Annual Procurement</b>															
Gross Cost	229.0	228.3	229.3	231.3	232.2									1150.1	
Less PY Adv Procurement															
Net Procurement (= P-1)	229.0	228.3	229.3	231.3	232.2									1150.1	
Plus CY Adv Procurement															
Contract Price	229.0	228.3	229.3	231.3	232.2									1150.1	
<b>Multiyear Procurement</b>															
Gross Cost (P-1)	197.5	196.9	197.8	199.6	200.2									992.1	
Less PY Adv Procurement		(30.0)	(30.0)	(30.0)	(30.0)									(120.0)	
Net Procurement (= P-1)	197.5	166.9	167.8	169.6	170.2									872.1	
<b>Advance Procurement</b>															
For FY25	30.0													30.0	
For FY26	9.0	21.0												30.0	
For FY27	6.0	7.5	16.5											30.0	
For FY28		6.0	7.5	16.5										30.0	
Plus CY Adv Procurement	45.0	34.5	24.0	16.5										120.0	
Contract Price	242.5	201.4	191.8	186.1	170.2									992.1	
<b>Multiyear Savings (\$)</b>	(13.6)	26.9	37.5	45.2	61.9									158.0	
Multiyear Savings (%) (total only)														13.7%	
Cancellation Ceiling, Funded															
Cancellation Ceiling, Unfunded															
<b>OUTLAYS</b>															
Annual															
Multiyear															
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All Services						P-1 Line Item Nomenclature - Naval Strike Missile (NSM)									
P-1 Shopping List - Item No 01-2292 02-2292															

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