Exhibit MYP-1, Multiyear Procurement Criteria	Date: March 2024
Appropriation / Budget Activity:	**P-1 Item Nomenclature:** CH-53K (Heavy Lift)

1. Multiyear Procurement Description:

This proposed multiyear procurement (MYP) covers the purchase of up to 321 engines in FY2025 through FY2029 under a five-year fixed price contract. The CH-53K program includes six years of Low Rate Initial Production (LRIP) (FY2017-2022) and nine years of Full Rate Production (FRP) (FY2023-FY2031). This MYP strategy has been structured to achieve significant savings ($125.7M) from the Single Year Procurement (SYP) while providing quantity flexibility for emergent requirements.

This MYP employs $25.6M economic order quantity (EOQ) funding in the program years FY2025-FY2026.

2. Benefit to the Government:

a. Substantial Savings:

Implementation of this proposed MYP will yield opportunity for cost savings through the term of the contract. Specifically, cost savings for FY2025 through FY2029 attributable to this MYP strategy is estimated at $125.7M (TY$). This level of savings is based on a comparison of the estimated prices for five single year contracts to the estimated price for one five-year multiyear contract.

Administrative costs are reduced since there is only one proposal, negotiation, and contract award vice five annual procurement actions. These costs are reduced at the prime contractor level, since they have only one contract to negotiate with the government vice five. Prime contractor costs will also be reduced as subcontracts at all tiers will only be entered into once. 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. Another administrative reduction is realized in production planning. Cost avoidance will be gained as production line administrative processes will be performed only once, rather than five times under SYPs. Additionally, the workload on the Government's acquisition workforce will be reduced via the MYP, resulting in greater efficiency in other CH-53 acquisition operations.

The prime contractor sets the standard for the suppliers that support the Prime's contract commitments and, as new processes and innovations are implemented at the prime facility, the suppliers are encouraged to adopt those elements that enhance performance. The stability of long-term commitments supported by multiyear contracts provides the collateral required to support the Prime's financial investments.

Many components have minimum buy quantities, which may not be met under a SYP, driving up unit costs and total cost. MYP quantities will allow the prime contractor and subcontractors at all tiers to exceed minimum order quantities and capture the cost avoidance on these components. Typically, suppliers will provide price discounts to lock-in business. Given this five-year contract, suppliers will have a larger total business base and therefore greater stability. Suppliers will be capable of finding 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, subcontractor competition is expected to be greater based on larger purchase volumes.

Procuring at a guaranteed rate of minimum production will also yield cost avoidances. Allowing the contractor to manage facilities and subcontractors to a guaranteed production rate will reduce costs by allowing the Prime and subcontractors to engage in activities including, but not limited to, reducing the number of production set-ups, reducing administrative costs, and receiving price breaks for committed raw materials and components.

Exhibit MYP-1, Multiyear Procurement Criteria	Date: March 2024
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The cost avoidance associated with this MYP will principally be achieved as a result of Economic Order Quantity (EOQ) investments. Procuring select components at EOQs also will reduce costs by reducing the number of production set-ups, reducing administrative costs, receiving price breaks for raw materials and components, minimizing obsolescence risks/costs and further stabilizing the CH-53K supply chain. Reducing the number of set-ups can provide a significant cost avoidance/savings when producing components or materials with high set-up to run ratios and the dollar value of the component is low. Sheet metal procurement and low value castings and forgings are examples of areas in which lower prices can be negotiated with suppliers based on reduced set-up costs associated with larger quantity procurements.

In general, parts obsolescence is minimized in a multiyear environment, as suppliers use 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 single year procurement, the contractor and its suppliers would be less inclined to continue the practice because of the uncertainty of future aircraft quantities and contract awards.

Profit in a MYP is also expected to be lower than in a single year procurement. The stability and predictability of a MYP results 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.

b. Stability of Requirement:

The CH-53K is the United States Marine Corps' heavy lift replacement for the CH-53E. The CH-53K will transport Marines, heavy equipment and supplies during ship-to-shore movement in support of amphibious assault and subsequent operations ashore. The program includes interoperability, ship integration, survivability, and force protection. The CH-53K is a new-build helicopter that will expand the Fleet's ability to move more material, more rapidly throughout the area of responsibility using proven and mature technologies. The operational requirement for the CH-53K is identified in the Capability Production Document (CPD) and Concept of Operations (CONOPS) and is intended to meet the Marine Corps' heavy lift requirements by providing Marine Air-Ground Task Force (MAGTF) and Joint Task Force (JTF) commander with assault support transport of heavy equipment, combat troops, and supplies, day or night under all weather conditions during expeditionary, joint, or combined operations.

The 21 December 2022 Acquisition Decision Memorandum issued in conjunction with the Full Rate Production Decision Review, retained the production quantity of 200 CH-53K aircraft: the current production inventory objective.

c. Stability of Funding:

Defense Planning Guidance (DPG) has fixed the total program and Future Years Defense Program (FYDP) quantities. This document emphasizes the criticality of the CH-53K to overall aviation DoD aviation planning and demonstrates the Department's commitment to properly fund this weapon system to the quantities proposed in the multiyear plan. There is a reasonable expectation that the Secretary of Defense will request funding for the contract at a level required to avoid contract cancellation, as was evidenced by the Department's commitment to fund a block buy contract at the required levels throughout the contract period of FY2023-FY2024.

The Navy demonstrated its commitment to a stable funding stream for the CH-53K MYP through every step of this year's budget process by fully funding the requirement. This commitment was reaffirmed by top level Navy leadership through its support in the final budget submission. Funding support for the CH-53K has consistently been demonstrated by both the Navy and the Congress.

Exhibit MYP-1, Multiyear Procurement Criteria	Date: March 2024
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d. Stable Configuration:

The CH-53K received permission to enter Full Rate Production on December 21, 2022. All engines have the same stable configuration. To date, 220 engines have been procured and 77 have been delivered.

The CH-53K T408 engine will continue to maintain a stable design with a planned roadmap to continually improve reliability and reduce future operations and sustainment costs without sacrificing on-wing capability.

e. Realistic Cost Estimate:

The estimate for both the cost of the MYP contract and anticipated cost savings through the use of the MYP for the CH-53K Heavy Lift Helicopter are realistic. The NAVAIR Cost and Schedule Analysis Department validated cost model has been used based on actual costs under the LRIP contracts. The Full Rate Production proposal for FRP Lots 9-13 (MYP) is due in July 2023. The independent single-year cost estimate developed by the CAPE, when compared to the proposed MYP strategy, will validate the projected savings under a multiyear scenario. Additionally, the projected multiyear savings are within historical projected savings ranges.

f. National Security:

The CH-53K supports the National Defense Strategy by providing the Marine Corps and the larger Joint Force the unique ability to rapidly mobilize forces and generate combat power in a contested and degraded environment. As the only heavy lift helicopter in the DoD, the CH-53K contributes to a more lethal Joint Force supporting both current and future Joint/Naval warfighting concepts while providing an agile maritime platform capable of providing logistics and sustainment in any region. The CH-53K is the Joint Force's only Heavy Rotorcraft capable of providing Combatant Commanders Aircraft Recovery under the realm of heavy lift in a marinized platform. The CH-53K provides a greater payload (36K Max/ 27K KPP mission profile) than any current or emerging rotorcraft at sea level and high-altitude conditions. The CH-53K addresses service shortfalls in connectors and is a critical enabler for Expeditionary Advanced Base Operations, Distributed Maritime Operations, and Littoral Operations in a Contested Environment as part of the larger Naval Service concepts.

3. Source of Savings:

	$ in Millions
Inflation	$12.857
Vendor Procurement	$84.661
Manufacturing	$0.000
Design/Engineering	$28.220
Tool Design	$0.000
Support Equipment	$0.000
Other	$0.000

Exhibit MYP-1, Multiyear Procurement Criteria	Date: March 2024
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Workload Savings	$0.000
Total	**$125.738**

4. Advantages of the MYP:

This MYP strategy has been structured to achieve significant cost avoidance ($125.7M) and provide quantity flexibility for emergent requirements. Commitment to production allows amortization of costs across larger production lots increases predictability of overhead costs, improves buying power and is a cost benefit through inflation avoidance by accelerating purchases. Given a five-year contract, suppliers will have greater total business stability. This business stability will be beneficial to the post MYP single year FRP procurement in FY2030.

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 contractors to enter into long-term agreements with suppliers, at every tier, that will provide substantial cost avoidance. Such long-term agreements incentivize both the prime contractors 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 contracts 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 contractors 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 long-term agreements will allow industry the opportunity to place capital investments upfront, sustain infrastructure, and maintain a skilled labor force that reduces the overall cost and improves the quality of the CH-53K.

6. Multiyear Procurement Summary:

	Annual Contracts	MultiYear Contract
Quantity		
Total Contract Price	$1,292.058	$1,166.320
Cancellation Ceiling (highest point)		
Funded		$ 0.000
Unfunded		$ 0.000
$ Cost Avoidance Over Annual		$125.738
% Cost Avoidance Over Annual		9.7%

Exhibit MYP-2 Total Program Funding Plan (NAVY)					Date: March 2024								
PROCUREMENT					P-1 Line Item Nomenclature - CH-53K (Heavy Lift) (USMC)								
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL
Procurement Quantity				57	54	54	60	63					288
Annual Procurement													
Gross Cost				2599.6	2410.4	2195.1	2605.4	2616.0					12426.4
Less PY Adv Procurement				(456.6)	(401.2)	(389.2)	(514.8)	(497.5)					(2259.3)
Net Procurement (= P-1)				2143.0	2009.2	1805.9	2090.6	2118.4					10167.2
Plus CY Adv Procurement			456.6	401.2	389.2	514.8	497.5						2259.3
Weapon System Cost			456.6	2544.2	2398.5	2320.6	2588.1	2118.4					12426.4
Multiyear Procurement													
Gross Cost (P-1)				2574.6	2380.6	2171.2	2520.2	2612.8					12259.3
Less PY Adv Procurement				(456.6)	(406.6)	(396.0)	(459.4)	(525.0)					(2243.5)
Net Procurement (= P-1)				2118.0	1974.0	1775.2	2060.8	2087.8					10015.8
Advance Procurement													
For FY27				5.4									5.4
For FY28				5.4	1.3								6.7
For FY29				5.4	1.3	20.7							27.4
For FY30						20.7							20.7
For FY31						20.7							20.7
Plus CY Adv Procurement				16.3	2.6	62.1							81.0
Weapon System Cost				2134.3	1976.5	1837.3	2060.8	2087.8					10096.8
MultiyearSavings ($)			456.6	409.9	421.9	483.3	527.3	30.6					2329.6
Multiyear Savings (%) (total only)													18.7%
Cancellation Ceiling, Funded													
Cancellation Ceiling, Unfunded													
OUTLAYS													
Annual			77.6	574.1	1328.8	1930.6	2180.8	2251.4	1879.1	1159.0	526.4	255.4	12163.3
Multiyear			77.6	573.5	1322.5	1914.7	2156.7	2224.2	1855.8	1144.2	519.8	252.0	12041.1
Savings				0.6	6.3	15.9	24.1	27.2	23.3	14.8	6.6	3.4	122.2

NOTE: Any remarks will appear on the next page

P-1 Shopping List - Item No
01-0158
01-0605

* Numbers may not add due to rounding.

Exhibit MYP-2 Total Program Funding Plan (NAVY)	Date: March 2024
PROCUREMENT	P-1 Line Item Nomenclature - CH-53K (Heavy Lift) (USMC)

Remarks

EOQ for Airframe MYP

CH-53K

* Numbers may not add due to rounding.

Exhibit MYP-3 Total Contract Funding Plan (NAVY)					Date: March 2024								
PROCUREMENT					P-1 Line Item Nomenclature - CH-53K (Heavy Lift) (USMC)								
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL
Procurement Quantity													0
Annual Procurement													
Gross Cost				275.6	304.8	245.9	227.6	238.2					1292.1
Less PY Adv Procurement				(43.2)	(43.5)	(43.2)	(47.6)	(49.9)					(227.4)
Net Procurement (= P-1)				232.4	261.3	202.6	180.0	188.3					1064.7
Plus CY Adv Procurement			43.2	43.5	43.2	47.6	49.9						227.4
Contract Price			43.2	275.9	304.5	250.2	229.9	188.3					1292.1
Multiyear Procurement													
Gross Cost (P-1)				250.6	275.0	221.9	204.5	214.3					1166.3
Less PY Adv Procurement				(43.2)	(48.9)	(50.0)	(54.3)	(56.6)					(253.0)
Net Procurement (= P-1)				207.4	226.0	172.0	150.2	157.7					913.3
Advance Procurement													
For FY27				5.4									5.4
For FY28				5.4	1.3								6.7
For FY29				5.4	1.3								6.7
Plus CY Adv Procurement				16.3	2.6								18.9
Contract Price				223.7	228.6	172.0	150.2	157.7					932.2
MultiyearSavings ($)			43.2	52.2	75.9	78.3	79.7	30.6					359.9
Multiyear Savings (%) (total only)													27.9%
Cancellation Ceiling, Funded													
Cancellation Ceiling, Unfunded													
OUTLAYS													
Annual			7.3	60.3	149.8	222.1	240.0	226.1	177.9	108.8	50.7	24.9	1268.0
Multiyear			7.3	59.7	143.5	206.2	216.0	198.9	154.6	93.9	44.1	21.6	1145.8
Savings				0.6	6.3	15.9	24.1	27.2	23.3	14.8	6.6	3.4	122.2

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Exhibit MYP-3 Total Contract Funding Plan (NAVY)	Date: March 2024
PROCUREMENT	P-1 Line Item Nomenclature - CH-53K (Heavy Lift) (USMC)

Remarks
CH-53K

* Numbers may not add due to rounding.

Exhibit MYP-4 Present Value Analysis (NAVY)					Date: March 2024								
PROCUREMENT					P-1 Line Item Nomenclature - CH-53K (Heavy Lift) (USMC)								
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	TOTAL
Annual Proposal													
Then Year Cost			7.3	60.3	149.8	222.1	240.0	226.1	177.9	108.8	50.7	24.9	1268.0
Constant Year Cost			7.3	59.1	144.1	209.5	221.9	204.9	158.1	94.8	43.3	20.9	1164.0
Present Value			7.1	55.8	132.8	188.6	195.2	176.1	132.7	77.7	34.7	16.4	1017.1
Multiyear Proposal													
Then Year Cost			7.3	59.7	143.5	206.2	216.0	198.9	154.6	93.9	44.1	21.6	1145.8
Constant Year Cost			7.3	58.6	138.0	194.5	199.7	180.2	137.4	81.8	37.6	18.1	1053.3
Present Value			7.1	55.3	127.2	175.1	175.6	154.9	115.3	67.1	30.2	14.1	921.9
Difference													
Then Year Cost				0.6	6.3	15.9	24.1	27.2	23.3	14.8	6.6	3.4	122.2
Constant Year Cost				0.5	6.1	15.0	22.3	24.7	20.7	12.9	5.6	2.8	110.7
Present Value				0.5	5.6	13.5	19.6	21.2	17.4	10.6	4.5	2.2	95.2
Multiyear Savings ($)				0.6	6.3	15.9	24.1	27.2	23.3	14.8	6.6	3.4	122.2

NOTE: MYP Procurement Period is 13 years. Real Interest Rate for MYP Procurement Period of 13 years is 1.02360000%.
(OMB Circular No. A-94, January 2024)

* Numbers may not add due to rounding.