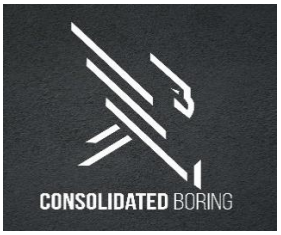

Introduction
Chairman Davidson, Ranking Member Beatty, and members of the Subcommittee, the opportunity to address the committee is appreciated. Robert T. Faxon, Chairman of the Board for Consolidated Boring Inc. (CBI), is providing this testimony. The speaker has over 47 years of manufacturing experience, particularly in the defense sector. Through this work, the speaker has contributed to the development of weapons systems, including the Guided Missile Long Range System (G.M.L.R.S.) Unitary Warhead, BLU-137 penetrator, BLU-111 500# penetrator and the BLU-136 Next Generation Area Attack Weapon (NGAAW) and several others. He remains firmly committed to supporting the American Warfighter and our Allies by providing the most capable and cost-effective weapon systems possible.

CBI, including its subsidiaries Faxon Machining Inc. in Cincinnati, Ohio, and American Flowform and Machining (AFM) in Billerica, Massachusetts, is a key contributor to national defense programs. Faxon Machining Inc. manufactures warheads and components for programs such as the GBU-57 - Massive Ordnance Penetrator (MOP) used in the Iranian strike and several components for the GMLRS mobile rocket system such as the unitary warhead. Since 2005 Faxon Machining has produced almost 40,000 G.M.L.R.S Unitary warheads. It is also a prime contractor for the US Government, producing the BLU-136 NGAAW and has played key roles in developing new programs like the BLU-137 2,000# Bunker Buster Bomb. AFM supplies the stage-1 MK-72 rocket motor case for the SM-3 and SM-6 missiles. AFM also manufactures and supplies Stinger missile rocket motors, TOW rocket motors as well as many others. Furthermore, AFM is launching rocket motor case production for the ground launch SDB-1 rocket motor case for Anduril and has been asked to manufacture the MK-104 and GEM-T Patriot Rocket motor cases in addition to its current production programs.

This testimony will highlight the urgent need for increased capacity in the production of large (13" and larger diameter) steel rocket motor cases, emphasizing the vital role of Title III funding in modernizing and expanding the defense industry by supporting companies like AFM. Although C.B.I. has been aggressive in investing in capital equipment, the financial ability of C.B.I. does not come close to meeting the urgency and scope of these demanding times. AFM's readiness for investment to secure this critical capacity for national defense will also be demonstrated. Additionally, Faxon Machining Inc.'s initiatives to establish a modern and vertically integrated facility to meet the nation's demand for modular artillery shells will be addressed. While the requested investment for both efforts is substantial, it is less than the potential cost of not having these necessary missiles and artillery in a time of national need.

The Urgent Demand for Large Rocket Motor Cases
The current geopolitical climate and evolving warfare have placed immense pressure on the defense industrial base, particularly regarding the production of critical components like large rocket motor cases. The nation's ability to maintain a strong deterrent and respond effectively to threats depends on the capacity and resilience of manufacturing capabilities. Although C.B.I. maintains an aggressive internal capital investment plan, it is unable to meet the ever-increasing demand without external funding.
• The demand for the MK-72 stage one rocket motor case, a critical component for both the SM-3 and SM-6 missiles, needs to reach 100 units per month while the current capacity is around 25-30 units per month. This increased demand alone would almost consume the entire initial capacity of the proposed vertically integrated

rocket motor case factory (RWP-KIN-24-02), designed for 110 cases per month with a funding level of $86 million.
• The additional requirement for the MK-104 rocket motor case necessitates another 100 cases per month.
• When factoring in the needs for the GEM-T Patriot PAC-2 missile, the current combined annual demand for these three critical cases rises to approximately 3,000 cases per year. This breaks down to roughly 1,200 for the MK-72, 1,200 or more for the MK-104, and 300-600 for the GEM-T.
• This represents a critical annual demand of 2,700 to 3,300 large diameter rocket motor cases for known programs alone.
These figures do not encompass the demands for new missile systems currently under development, nor the hundreds of cases per year required for potential programs that are currently being developed that will utilize 10", 13", and 17" diameter cases.

The Critical Shortage and AFM's Unique Solution
AFM's current capacity for large diameter rocket motor cases is 350-400 annually. This demonstrates that C.B.I. being a primary and key supplier for the MK-72 case cannot support a fraction of the required increase in quantity, presenting a significant vulnerability to national security. U.S. Government Accountability Office (GAO) notes that the DPA ensures the supply of products critical to national defense.

AFM, located in Billerica, Massachusetts, believes that it is uniquely positioned and willing to expand its capacity faster than any other company in the industry. AFM proposes a vertically integrated rocket motor case factory capable of producing approximately 3,000 cases per year.
• This facility would not only meet the current demand of 2,700 to 3,300 cases annually but would also potentially generate revenue to self-fund the additional capacity needed for new programs and other potential demands. The initial funding would launch the new 300,000 to 500,000 square foot facility and would serve as the base to add additional needed capacity as it arises.
• Vertical integration is vital to ensuring supply chain resilience. By bringing key manufacturing processes in-house, AFM minimizes its reliance on external suppliers, safeguarding production against disruptions and increasing its ability to surge production in times of crisis. This allows the existing supply base to support other companies in their needs, strengthening the entire defense industrial ecosystem.
• This proposed factory represents a significant national security investment, and a comparatively small one when considering the vital importance of having these components available. The current estimated cost to achieve a 3,000 large diameter rocket motor case per year capacity for a totally vertically integrated facility is $186 million. The only additional need would be raw material that could be purchased and consumed with buffer stock to ensure continuous production even in surge scenarios.
• This investment offers a compelling return. The factory has the potential to save the government approximately $20 million per year at full rate production by being more efficient with internal processing of the entire case. With a full production level of 3,000 cases per year, and assuming the government purchases 3,000 rockets of the various platforms, the total cost would be somewhere in excess of $9 billion annually. This suggests a long-term return on investment of approximately 10 years at full production for the investment in the factory. But more importantly, this would be a responsible path to gaining the capacity to support this area of critical manufacturing for such strategically important programs such as our Golden Dome.
• Beyond financial benefits, this factory would initially create approximately 300 high-paying skilled jobs in New Hampshire, strengthening the domestic manufacturing workforce and contributing to economic growth. Creating this highly skilled workforce will take time and needs to be started as soon as possible.
• Furthermore, AFM is actively collaborating with innovative rocket motor manufacturers such as Anduril, X-Bow, Ursa Major and others, expanding its reach and expertise in emerging technologies. AFM is also working with various companies that will be supporting Golden Dome and Iron Dome initiatives. Several of the systems this factory would significantly increase capacity on are also key components of the proposed Golden Dome project the current administration is proposing. This factory would play a key role in several of the key components in that system.

AFM's Experience with Title III Funding
American Flowform and Machining (AFM) has worked closely with the Title III office during the funding process for its new rocket motor case factory. This partnership has highlighted the critical need for stable, multi-year funding to support rapid capacity expansion amid constantly evolving steel rocket motor case requirements driven by today's geopolitical challenges. A sustained and committed demand for the products to support the effort in launching the facility would also be needed.

However, the time from submission to award can be very long, which discourages potential applicants. This delay creates uncertainty, leading many to believe funding may not materialize and thus is not worth the effort to pursue. Despite these challenges, AFM is ready to deliver vital manufacturing capabilities once funded. The one certainty is that the longer it takes to start the process, the longer it will take to complete it and have the necessary capacity. With today's urgency, it is critical to launch projects more quickly.

Faxon Machining Inc. and the Modernization of Artillery Shell Production
Faxon Machining Inc. has proposed creating a modern, state-of-the-art factory to produce modular artillery shells, recognizing the broader needs of the defense industrial base. This modernization is designed to meet present and future demands, ensuring a steady supply of these essential components. This investment of between $80 and $100m will enhance efficiency and precision in production and contribute to the strength and readiness of military forces. This facility will also support the rapid development and fielding for newly designed modular artillery rounds to meet the ever-changing needs of the modern battlefield. Funding for this program can be achieved with a combination of Title 3 funding and production contracts for needed items for a 5-year minimum term at guaranteed volumes. The capacity will range from 150,000 units per year, totally vertically integrated, to a capacity of 450,000 units per year by utilizing the non-traditional industrial base located near the main factory in times of need. This method of manufacturing would serve as a model for American manufacturing to emulate to successfully reshore critical production. The Artillery factory would be a model of leveraging highly automated operations, and an extremely high return for each direct labor hour worked to increase the odds of hiring and retaining a highly talented and committed work force in a short amount of time to support the launch of the facility. Creating a modern and highly capital-intensive facility is the most likely way to achieve the productivity mentioned. This method of manufacturing will not be applicable to all manufacturing, but this product is a good fit for the "Factory of the future" being proposed.

Improving the Defense Production Act Process
The DPA's effectiveness can be enhanced through improvements to the funding and implementation processes.
• Sustainable and Predictable Funding: Funding for critical projects must be provided for the entire duration of the project, not on a year-to-year basis. A multi-year DPA authorization for the AFM factory would provide the necessary stability to invest in long-lead-time equipment and infrastructure, allowing for faster and more efficient capacity expansion. The current uncertainty around annual appropriations creates delays and hampers the industrial base's ability to respond quickly to national needs. The lack of confidence in out-year funding minimizes greatly the appetite for starting the process due to unfunded future financial liabilities the company may be responsible for if funding is not continued. It seems that recently there are different Governmental agencies that share the increased capacity needs and coordinating the funding from these various agencies may result in a more rapid launching of various title 3 efforts.
• Streamlined Processes: Exploring ways to streamline DPA application and approval processes while maintaining necessary oversight is recommended. This could include clear guidelines, readily accessible resources for industry partners, and potentially a more consolidated point of contact for DPA-related inquiries. The conference Board suggests that clarifying the DPA as an emergency versus routine policy tool could be considered during reauthorization.
• Although funding related to this activity primarily supports the defense industrial base, there are broader opportunities to strengthen the overall industrial base. By enhancing commercial manufacturing capabilities, companies would be less financially dependent on defense budgets and better positioned to pivot quickly to defense production if needed similar to the factory conversions during World War II. Funding from these programs would empower smaller, more agile, and innovative companies to develop advanced technical

capabilities they might not achieve independently. A stronger, more competitive industrial base supports reshoring efforts driven by tariffs and presidential initiatives, fosters commercial commerce, creates a talented workforce, and ensures that machinery and facilities are readily available to support a rapid defense mobilization. As the saying goes, "If it ain't on the floor, it ain't in the war." Acquiring, installing, and staffing the high-tech equipment required for today's competitive markets takes months or even years, underscoring the importance of sustained investment and readiness. Although there are incremental capacity gains that can be achieved in months that will help support the current demand, the real capacity increase for the rocket motor case factory will take 3-4 years to realize in whole.

The investments requested today are not merely about boosting production; they are about securing national defense for the future and supporting the American Warfighter and our Allies. By investing strategically in critical manufacturing capabilities and improving the mechanisms of the Defense Production Act, the industrial base can be empowered to meet the evolving demands of a complex global landscape. The Subcommittee is urged to consider these recommendations and support the vital initiatives of Consolidated Boring Inc. Thank you.

Robert T. Faxon
Chairman of the Board
Consolidated Boring Inc.