



DEPARTMENT OF THE NAVY FY 2008 PRESIDENT'S BUDGET

YOUR NAVY AND MARINE CORPS – FIGHTING THE LONG WAR...
AND PREPARING FOR FUTURE CHALLENGES

5 February 2007

Rear Admiral Stan Bozin
Director, Office of Budget

YOUR NAVY AND MARINE CORPS – FIGHTING THE LONG WAR... AND PREPARING FOR FUTURE CHALLENGES

National security dependent upon a strong Navy and Marine Corps

Sustain Readiness

- Readiness indicators are high
- Re-enlistments / manning – High / on track
- Fighting the enemy in GWOT – at sea, in the air and on the ground

Maintain readiness levels and look to the future as an integral component of the Joint force envisioned in the 2005 QDR

- Builds the fleet for the future
- Modernizes aviation forces
- Invests in technology
- Develop 21st century leaders
- Improves the quality of life for our Sailors, Marines, and our families

Supports the Long War on Terror

- Right-size and shape our Navy and Marine Corps
- MARSOC
- Naval Expeditionary Combat Command (NECC) / Riverine
- Counter IED
- Ballistic Missile Defense
- Global engagement – hospital ships, “1,000 Ship Navy”, and Regional War on Terrorism (RWOT)



Department of the Navy Presence

Navy

- 344,093 active strength
- 5,269 activated reservists
- 111 ships underway (40% of total)
- 93 ships deployed (34% of total)
 - STENNIS CSG – Pacific Ocean
 - REAGAN CSG – Pacific Ocean
 - EISENHOWER CSG – North Arabian Sea
 - BATAAN ESG – Horn of Africa
 - BOXER ESG – Arabian Gulf
- 41,998 underway on deployment
- 12,500 Sailors on the ground in CENTCOM
 - 4,000 deployed in active duty units
 - 8,500 active/reserve in augmented status (IA)



**Navy-Marine Corps Team
Forward deployed and ready**

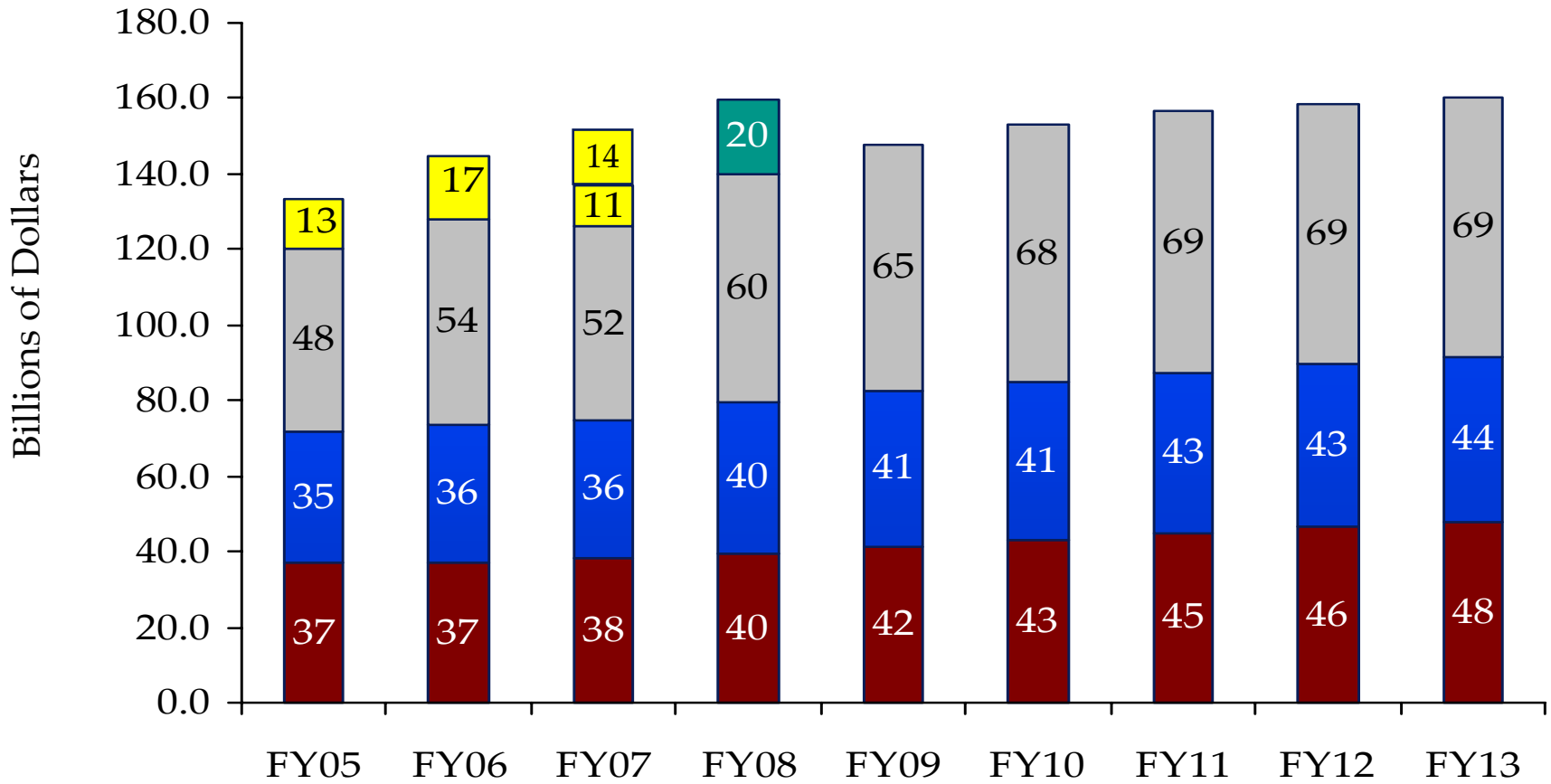


Marine Corps

- 179,695 active strength
- 5,493 activated reservists
- II MEF (Camp Lejeune) is executing the spring rotation
- 33,455 on deployment
 - 28,128 deployed in CENTCOM
 - 2,088 reservists

Department of the Navy Budget Trends

| | | | | | | | | | |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total Funding | \$133.6 | \$144.6 | \$151.0 | \$159.8 | | | | | |
| Baseline Funding | \$120.9 | \$128.0 | \$126.4 | \$139.8 | \$147.7 | \$152.9 | \$156.1 | \$158.4 | \$160.5 |



■ MilPers
 ■ O&M
 ■ Investment
 ■ Supplemental/Transfers
 ■ GWOT Request

FY 2008 Budget Breakdown

MilPers: \$39.4B

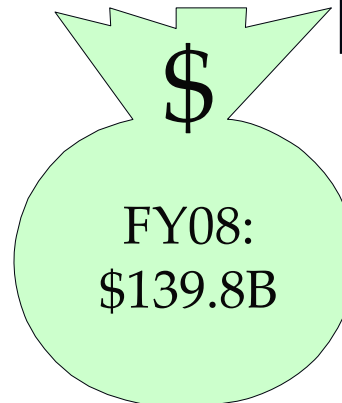
| | |
|-------------------------------------|---------|
| Basic Pays | \$16.0B |
| Retired Pay Accrual | \$5.8B |
| Housing Allowance | \$5.6B |
| Health Accrual | \$3.4B |
| Reserve Personnel | \$2.4B |
| Allowances | \$2.2B |
| Subsistence | \$1.5B |
| Other (PCS, Death Gratuities, etc.) | \$1.3B |
| Special Pays | \$1.2B |

Navy Strength 328,400
Marine Corps 180,000

Procurement: \$39.8B

| | |
|--------------------------|---------|
| Ships | \$14.7B |
| Aircraft | \$12.7B |
| Other Procurement | \$5.5B |
| Weapons Procurement | \$3.1B |
| Marine Corps Procurement | \$3.8B |

Transforming Investment



O&M: \$40.0B

| | |
|------------------------|--------|
| Ship Ops | \$9.6B |
| Aviation Ops | \$6.4B |
| Base Support | \$5.7B |
| Marine Corps O&M | \$5.0B |
| Combat/Weapons Support | \$4.7B |
| Service Wide Support | \$4.0B |
| Training and Education | \$2.1B |
| Reserve O&M | \$1.4B |

Rotational deployed presence

MILCON: \$3.6B

| | |
|----------------|----------|
| MILCON | \$2,163M |
| BRAC | \$734M |
| Family Housing | \$669M |

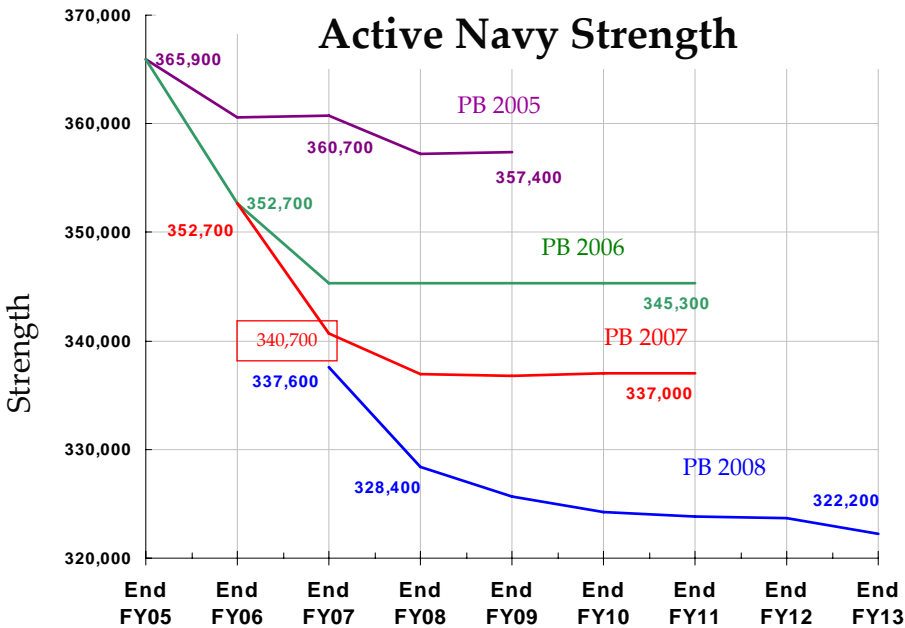
QOL Housing Initiatives

R&D: \$17.1B

| | |
|-----------------|----------|
| JSF (F-35) | \$1,707M |
| S&T | \$1,667M |
| MMA (P-8A) | \$880M |
| JTRS | \$854M |
| E-2D AHE | \$809M |
| MUOS | \$736M |
| DDG-1000 | \$622M |
| CH-53K | \$417M |
| EFV | \$288M |
| EA-18 | \$273M |
| VH-71 | \$271M |
| 158 R&D Efforts | \$8,552M |

Acquisition Maturation

Military Personnel and End Strength

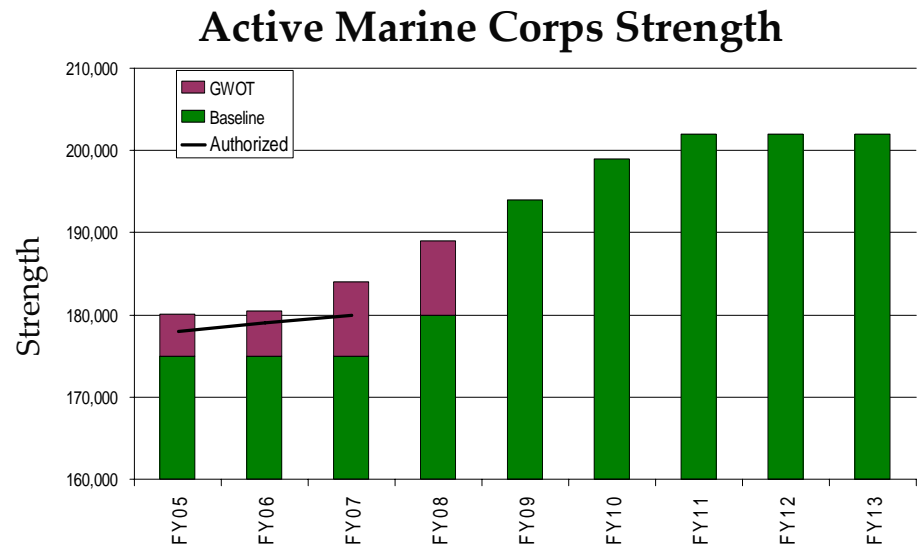


Transforming the Force

- Improved training & development processes
- Decommission older manpower intensive platforms
- Increased technology
- More efficient infrastructure manning
- Active/Reserve integration
- Military to civilian conversions

Properly Priced and Sized for the Future

- Increase the warfighting force
 - 202K by 2011
 - Continuing military to civilian conversion
 - Enhance irregular capabilities to fight the long war
 - Fill high demand low-density skill sets
 - Provide 3 balanced MEFS
- 9K overstrength funded outside baseline
 - Meets short-term GWOT requirements
 - Improve turnaround ratio
 - Reduce stress on individual Marine and family

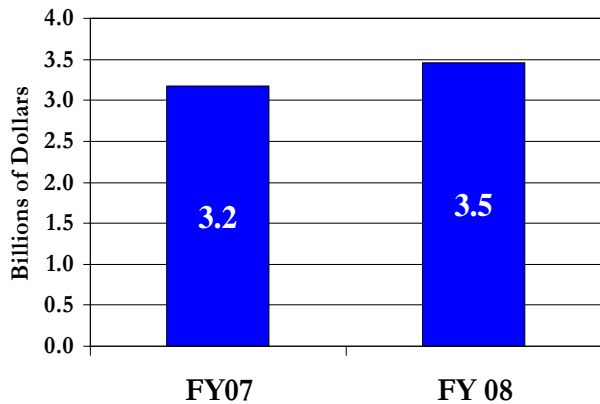


Grow the Force

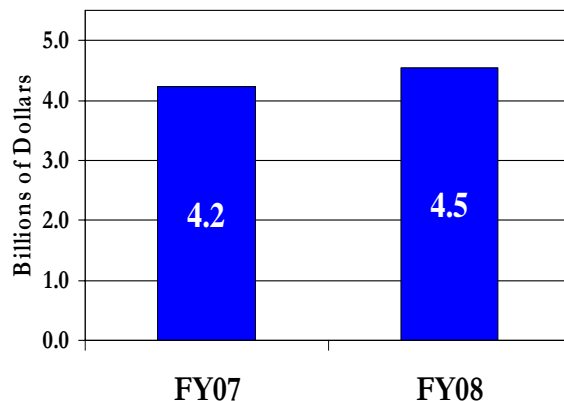
- Marine Corps strength will increase to 202,000 by 2011
- Growth will allow us to:
 - Enhance irregular warfare capabilities to fight the long war
 - Fill high-demand low-density skill sets
 - Provide 3 balanced Marine Expeditionary Force (MEF)
 - Produce an increased additional capability
 - Contribute to an increased deployment turnaround time (dwell ratio)
 - Relieve the operational tempo stress on Marines and families
- \$4.3 billion requested in FY 2008 baseline:
 - 5,000 additional Marines and associated pay, allowances, & special pays
 - 922 Navy manpower embedded within the Marine Corps units
 - Military construction and base operating support for permanent barracks and operations centers
 - Procurement of additional H-1 aircraft and equipment for increased aviation support
 - Training and exercise funding for additional troops
 - Equipment and ammunition required to bring units to full operational capability
 - Increased recruiting and advertising
- FY 2007 Supplemental and FY 2008 GWOT request has funding for 9,000 additional Marines and related equipment

Readiness

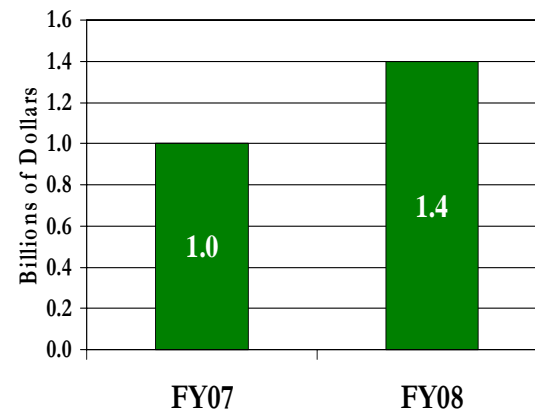
Ship Operations



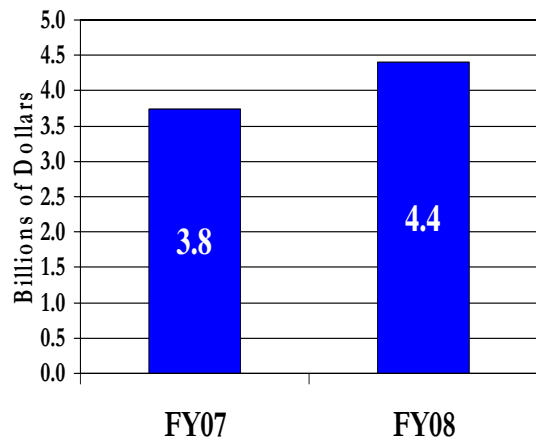
Flying Hour Operations



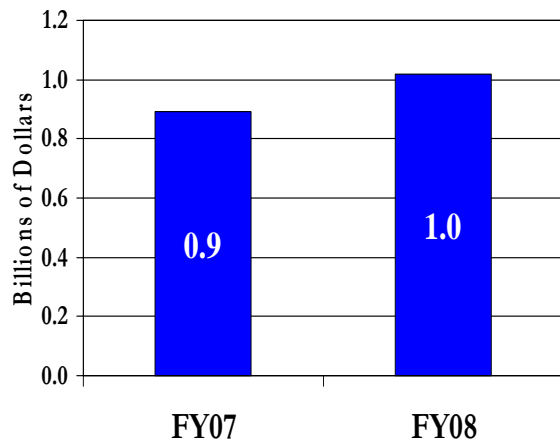
Marine Corps Operations



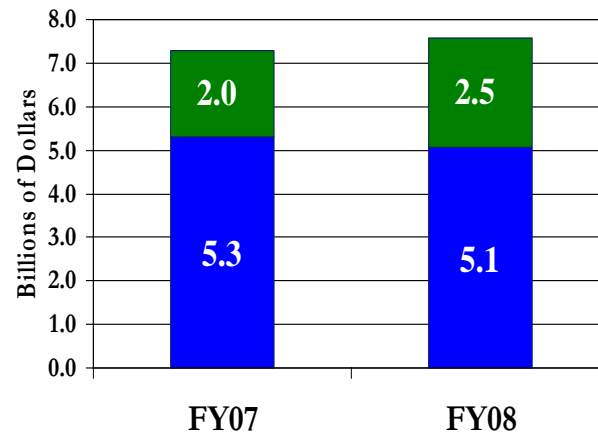
Ship Depot Maintenance



Aircraft Depot Maintenance



Base Support



Shipbuilding Quantities

| | <u>FY07</u> | <u>FY08</u> | <u>FY09</u> | <u>FY10</u> | <u>FY11</u> | <u>FY12</u> | <u>FY13</u> | <u>FY08-13</u> |
|----------------------|-------------|-------------|-------------|----------------|------------------|-------------|-------------|----------------|
| CVN 21 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 2 |
| SSN 774 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 8 |
| DDG 1000 | 2 | 0 | 1 | 1 | 1 | 1 | 1 | 5 |
| CG(X) | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 2 |
| LCS | 2 | 3 | 6 | 6 | 6 | 6 | 5 | 32 |
| LPD 17 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| LHA(R) | 1 | 0 | 0 | 1 0 | 0 | 0 | 0 | 0 |
| T-AKE | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 4 |
| MPF Aviation | 0 | 0 | 0 | 0 1 | 1 0 | 0 | 1 | 2 |
| MPF LMSR | 0 | 0 | 0 | 1 | 1 | 1 | 0 | 3 |
| MPF MLP | 0 | 0 | 1 | 0 | 1 | 0 | 1 | 3 |
| JCC(X) | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| T-ATF | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| JHSV | 0 | 0 | 1 | 1 | 1 | 0 | 0 | 3 |
| New Construction | 7 | 7 | 11 | 12 | 14 13 | 12 | 12 | 67 |
| Sea Shore Connectors | 0 | 0 | 0 | 1 0 | 3 1 | 0 | 3 | 4 |
| SSBN ERO | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 6 |
| CVN RCOH | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 2 |

Aviation Quantities

| | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY08-13 |
|---------------|--------------------|--------------------|--------------------|--------------------|--------------------|------|----------------|---------|
| JSF | 0 | 8 6 | 32 8 | 36 18 | 33 19 | 40 | 42 | 133 |
| F/A-18E/F | 30 34 | 24 | 20 | 22 24 | 14 19 | 21 | 0 | 108 |
| EA-18G | 12 8 | 18 | 22 | 20 18 | 10 8 | 2 | 0 | 68 |
| MV-22B | 14 13 | 19 21 | 31 30 | 35 30 | 37 30 | 30 | 30 | 171 |
| AH-1Z/UH-1Y | 18 8 | 19 20 | 23 25 | 23 28 | 23 28 | 24 | 24 | 149 |
| MH-60S | 18 | 20 18 | 26 18 | 26 18 | 26 18 | 18 | 18 | 108 |
| MH-60R | 25 | 25 27 | 31 | 32 28 | 31 28 | 25 | 27 | 166 |
| E-2C | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| E-2D AHE | 0 | 4 3 | 4 3 | 4 3 | 4 | 4 | 4 | 21 |
| CH-53K (HLR) | 0 | 0 | 0 | 0 | 0 | 0 | 6 ¹ | 6 |
| P-8A (MMA) | 0 | 0 | 0 | 6 | 8 | 10 | 13 | 37 |
| C-40A | 0 | 0 | 5 1 | 1 0 | 1 | 1 | 1 | 4 |
| T-45C | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| T-6A/B(JPATS) | 21 20 | 48 44 | 48 44 | 48 44 | 48 43 | 43 | 22 | 240 |
| KC-130J | 4 2 | 4 | 0 2 | 0 2 | 0 2 | 2 | 2 | 14 |
| VH-71 | 0 | 5 0 | 4 | 3 | 4 | 4 | 4 | 19 |
| BAMS UAS | 0 | 0 | 0 | 0 | 4 | 4 | 4 | 12 |
| MQ-8B (VTUAV) | 4 | 7 3 | 11 5 | 11 6 | 10 6 | 9 | 10 | 39 |
| F-5E | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 165 151 | 199 188 | 257 213 | 267 228 | 253 222 | 237 | 207 | 1,295 |

Funded in RD TEN

¹Four LRIP aircraft funded with RD TEN

Does not include quantities included in Title IX, FY 2007 Supplemental or FY 2008 GWOT estimate

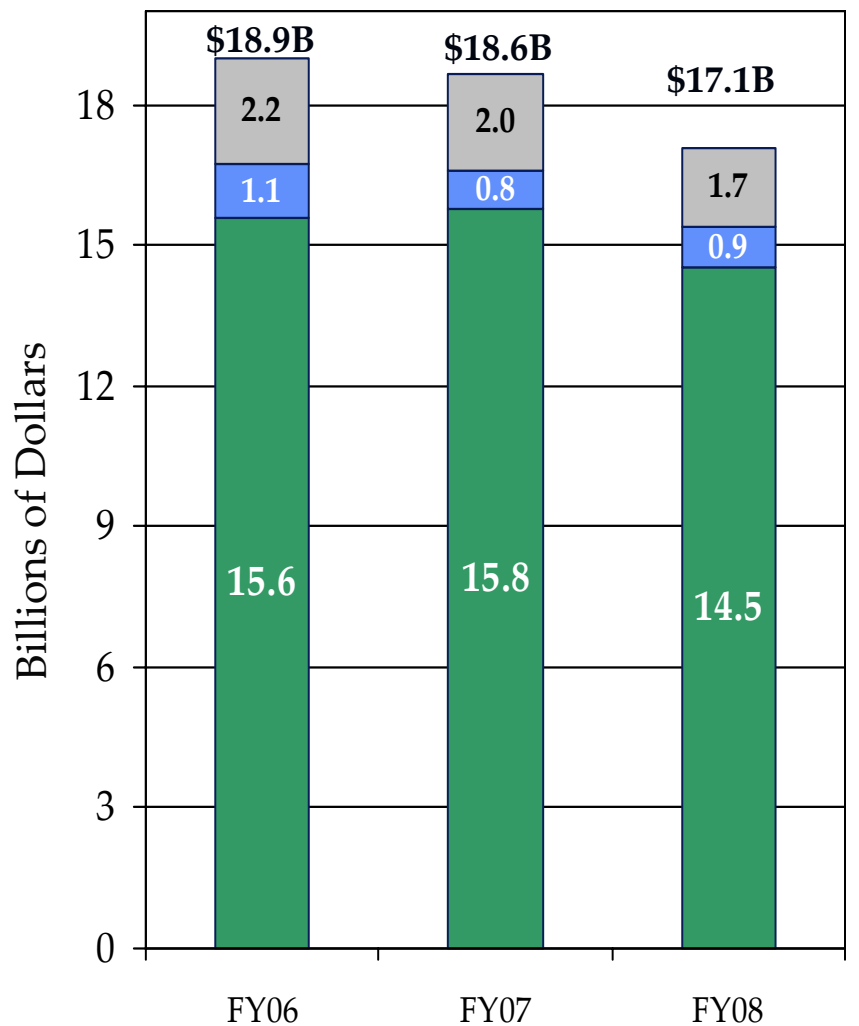
Missiles and Munitions

| Quantity Procured | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY08-13 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| TACTOM | 355 | 394 | 265 | 257 | 281 | 278 | 266 | 1,741 |
| JSOW | 390 | 421 | 504 | 521 | 541 | 530 | 552 | 3,069 |
| JDAM | 3,400 | 1,145 | 850 | 850 | 500 | - | - | 3,345 |
| Trident II | - | 12 | 24 | 24 | 24 | 24 | - | 108 |
| AMRAAM | 128 | 79 | 97 | 99 | 90 | 91 | 94 | 550 |
| AIM-9X | 174 | 184 | 205 | 202 | 200 | 220 | 221 | 1,232 |
| Standard Missile | 75 | 75 | 80 | 90 | 105 | 142 | 150 | 642 |
| RAM | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 540 |
| ESSM | 100 | 85 | 86 | 88 | - | - | - | 259 |
| Lightweight Torpedoes | 133 | 133 | 280 | 297 | 252 | 271 | 257 | 1,490 |
| Heavyweight Torpedoes | 103 | 84 | 84 | 84 | 84 | 84 | 84 | 504 |

Department of the Navy Ground Equipment

| | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY08-13 |
|--------|------|------|------|------|------|-------|-------|---------|
| HMMWV | 914 | 99 | 78 | - | - | - | - | 177 |
| JLTV | - | - | 61 | 465 | 789 | 1,030 | 1,032 | 3,377 |
| EFV | - | - | - | 15 | 36 | 48 | 51 | 150 |
| LW155 | 34 | 47 | - | - | - | - | - | 47 |
| LAV-P | - | - | 113 | 22 | 54 | 73 | 78 | 340 |
| HIMARS | 6 | - | - | - | - | - | - | - |

R&D Investment



■ Development ■ Management ■ Science and Technology

Note: Baseline Funding. Does not include Title IX, FY 2007 Supplemental, or FY 2008 GWOT request.

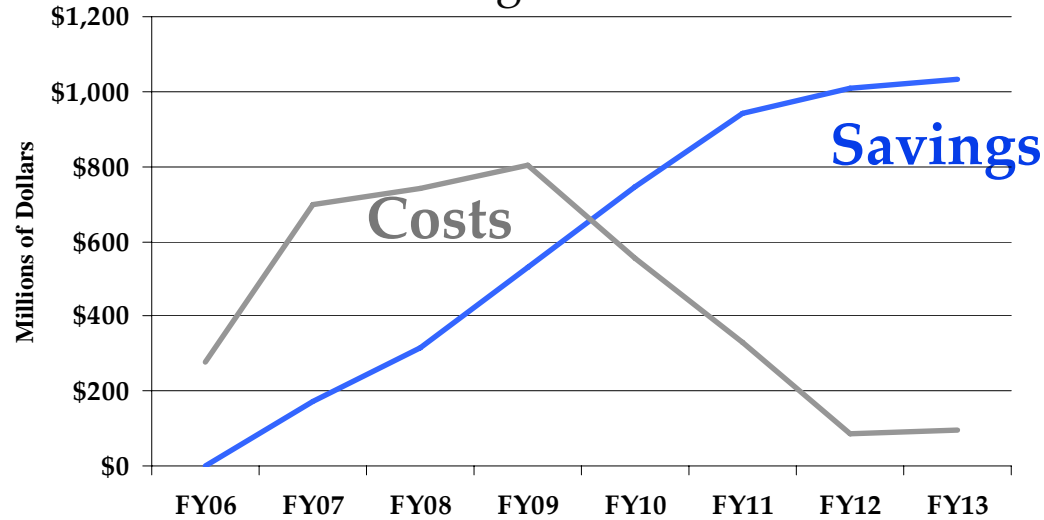
Critical Aviation Programs

| Major Systems: (\$M) | FY06 | FY07 | FY08 |
|-----------------------------|-------|-------|-------|
| Joint Strike Fighter (F-35) | 2,187 | 2,164 | 1,707 |
| MMA (P-8A) | 927 | 1,127 | 880 |
| VH-71 | 898 | 630 | 271 |
| E-2D AHE | 598 | 496 | 809 |
| MV-22B | 192 | 267 | 118 |
| EA-18G | 380 | 372 | 273 |
| CH-53K | 252 | 350 | 417 |
| UAV | 115 | 145 | 167 |
| DDG-1000 | 1,052 | 808 | 503 |
| LCS | 584 | 329 | 218 |
| Virginia Class SSN | 169 | 201 | 224 |
| MPF Family | 58 | 86 | 68 |
| CVN 21 | 301 | 308 | 232 |
| C4I | 1,026 | 1,793 | 1,824 |
| JTRS | 162 | 795 | 854 |
| EFV | 244 | 342 | 288 |

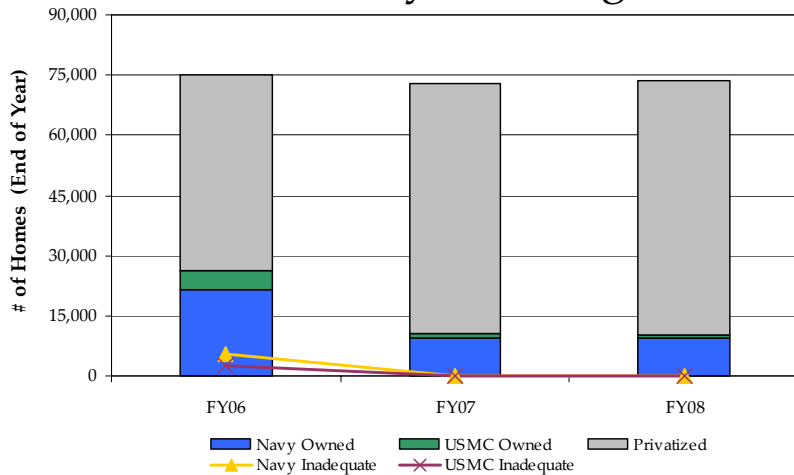
Critical Shipbuilding Programs

Military Construction, BRAC, & Family Housing

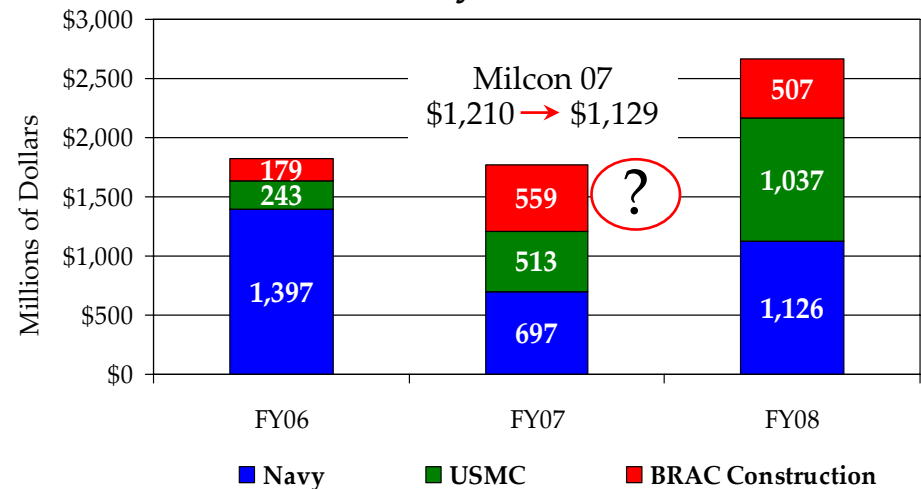
Base Realignment and Closure



Family Housing



Military Construction



FY 2007 Supplemental and FY 2008 GWOT Request

- Providing Capabilities for the Long War -

- Continue addressing incremental operating costs
 - Includes plus-up
- Continue addressing Marine Corps Reset, begin addressing Navy Reset
- Enhance Force Protection
- Accelerate new capabilities
- Growing more ground forces

Ongoing Operations

- Flying hours
- Steaming days
- Plus-up
- Personnel support / transportation
- Construction Battalions
- MRAP Vehicles
- Reconstruction teams
- Harbor security boats
- Physical security equipment

First Phase of Growing the Force

- Established to meet SECDEF rotation policy
- Regimental Combat Teams (RCTs)
 - 3 Battalions (BN)
 - Enablers
 - Headquarters
- Weapons/armor
- Vehicles
- Facilities for increased force

Reset

- Naval Aviation
 - KC-130; V-22; H-1
 - EA-18G
 - MH-60S; F/A-18
- SEABEE equipment
 - MRAP Vehicles
 - Construction equipment
- Marine Equipment
 - C2 equipment
- Bombs, missiles and counter-measures
- Depot Maintenance
 - Aviation/Ship
 - Ground equipment

Accelerate Capabilities

- NECC
 - EOD, Seabee, Riverine capability
 - Expeditionary Security Force
 - Expeditionary Logistics
- Distributed Operations Equipment
- Horn of Africa
 - Long GWOT infrastructure

Full FY 2007 Supplemental

MilPers: \$2.5B

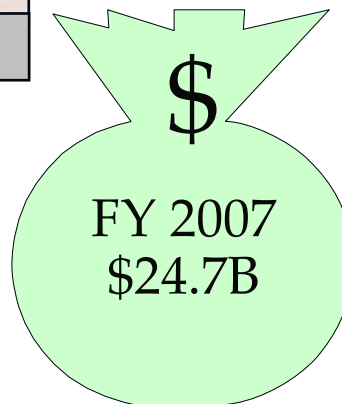
| | |
|-----------------------|----------|
| End Strength / Pays | \$1,869M |
| Change of Station | \$88M |
| Casualty/Disability | \$228M |
| Mobilization Training | \$88M |
| Recruiting/Retention | \$210M |

Marine Corps + 9,000 End Strength

Procurement: \$10.0B

| | |
|--------------------------|--------|
| Marine Corps Procurement | \$6.7B |
| Aircraft | \$1.6B |
| Other Procurement | \$1.2B |
| Weapons Procurement | \$0.3B |

Reset the Force



O&M: \$11.1B

| | |
|------------------------|--------|
| Marine Corps O&M | \$4.1B |
| Combat/Weapons Support | \$1.7B |
| Aviation Ops | \$1.9B |
| Ship Ops | \$1.5B |
| Service Wide Support | \$1.0B |
| Base Support | \$0.6B |
| Training and Education | \$0.1B |
| Reserve O&M | \$0.2B |

Rotational deployed presence

MILCON: \$0.4B

MILCON \$413M

Supporting CJTF HOA and Guantanamo

R&D: \$0.7B

| | |
|-------------------------|--------|
| Classified Programs | \$215M |
| USMC Ground Development | \$175M |
| Aviation Development | \$134M |
| Other | \$84M |

Technology Investment

FY 2007 Supplemental Request

MilPers: \$2.2B

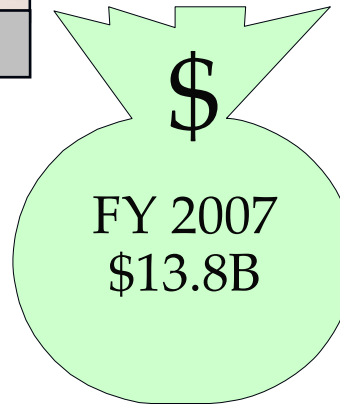
| | |
|-----------------------|----------|
| End Strength / Pays | \$1,741M |
| Change of Station | \$88M |
| Casualty/Disability | \$60M |
| Mobilization Training | \$73M |
| Recruiting/Retention | \$210M |

Marine Corps + 9,000 End Strength

Procurement: \$4.1B

| | |
|--------------------------|--------|
| Marine Corps Procurement | \$1.8B |
| Aircraft | \$1.1B |
| Other Procurement | \$0.9B |
| Weapons Procurement | \$0.2B |

Reset the Force



O&M: \$6.7B

| | |
|------------------------|--------|
| Marine Corps O&M | \$1.4B |
| Combat/Weapons Support | \$1.4B |
| Aviation Ops | \$1.4B |
| Ship Ops | \$1.0B |
| Service Wide Support | \$0.8B |
| Base Support | \$0.5B |
| Training and Education | \$0.1B |
| Reserve O&M | \$0.1B |

Rotational deployed presence

MILCON: \$0.4B

MILCON \$413M

Supporting CJTF HOA and Guantanamo

R&D: \$0.5B

| | |
|-------------------------|--------|
| Classified Programs | \$215M |
| USMC Ground Development | \$175M |
| Aviation Development | \$8M |
| Other | \$7M |

Technology Investment

FY 2008 GWOT Request

MilPers: \$2.4B

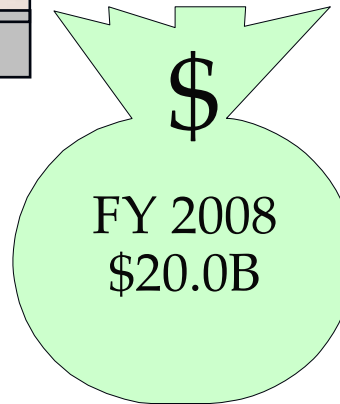
| | |
|-----------------------|----------|
| End Strength / Pays | \$1,805M |
| Change of Station | \$89M |
| Casualty/Disability | \$196M |
| Mobilization Training | \$85M |
| Recruiting/Retention | \$210M |

Marine Corps + 9,000 End Strength

Procurement: \$7.3B

| | |
|--------------------------|--------|
| Marine Corps Procurement | \$2.5B |
| Aircraft | \$3.1B |
| Other Procurement | \$0.8B |
| Weapons Procurement | \$0.9B |

Reset the Force



O&M: \$9.6B

| | |
|------------------------|--------|
| Marine Corps O&M | \$4.0B |
| Combat/Weapons Support | \$2.0B |
| Aviation Ops | \$1.2B |
| Ship Ops | \$0.9B |
| Service Wide Support | \$0.6B |
| Base Support | \$0.6B |
| Training and Education | \$0.1B |
| Reserve O&M | \$0.2B |

Rotational deployed presence

MILCON: \$0.2B

MILCON \$157M

Supporting "Grow the Force"

R&D: \$0.6B

| | |
|-------------------------|--------|
| Classified Programs | \$240M |
| USMC Ground Development | \$280M |
| Aviation Development | \$84M |
| Other | \$52M |

Technology Investment

GWOT Funded – Major Acquisition Quantities

| | FY 2007 Title IX | FY 2007 Supplemental | FY 2008 GWOT |
|---------------------------------------|---------------------|-------------------------|-----------------|
| Navy and Marine Corps Aircraft | | | |
| MV-22B | 1 | - | 2 |
| EA-18G | - | 6 | - |
| F/A-18E/F | - | - | 12 |
| AH-1Z/UH-1Y | 3 | - | 6 |
| MH-60S | - | - | 3 |
| MH-60R | - | - | 6 |
| KC-130J | 1 | - | 7 |
| Marine Corps Ground Equipment | | | |
| HMMWV | 3,320 | 386 | 273 |
| LW155 | - | - | 12 |
| MRAP | 805 | 244 | 2 |
| HIMARS | 10 | - | - |
| Navy Ground Equipment | | | |
| MRAP | - | 176 | 255 |
| HMMWV | 540 | 273 | 254 |

Your Navy and Marine Corps – Fighting the Long War ... and Preparing for Future Challenges



"Since the early days of the republic, Americans have relied on a strong Navy and Marine Corps team to defend them against their enemies. Nothing can play so decisive a role as well-trained, highly motivated Sailors and Marines who believe in their mission."

Secretary of the Navy Donald Winter