NOT FOR PUBLICATION UNTIL RELEASED BY THE
SENATE ARMED SERVICES COMMITTEE
AIRLAND SUBCOMMITTEE

STATEMENT OF

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AND

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BEFORE THE

AIRLAND SUBCOMMITTEE

OF THE

SENATE ARMED SERVICES COMMITTEE

ON

FY 2005 NAVY & MARINE CORPS TACTICAL AVIATION PROGRAMS

MARCH 24, 2004

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Mr. Chairman, distinguished members of the Subcommittee, thank you for this opportunity to appear before you to discuss the Department of the Navy's Fiscal Year (FY) 2005 Acquisition and RDT&E programs.

Your Navy and Marine Corps Team's outstanding performance in the Global War on Terrorism (GWOT) and Operations ENDURING FREEDOM (OEF) and IRAQI FREEDOM (OIF) last year underscored the high return on your investment in our combat readiness, our people, and our unique maritime warfighting capabilities. Your return on investment included the lift for 94 percent of the nation's joint warfighting capability and more than 8000 Naval combat sorties in support of OIF. It demonstrated the latest technology in surveillance, command and control and persistent attack operating from sovereign U.S. territory and exploiting the vast maneuver space provided by the sea.

The GWOT, OEF and OIF demonstrated the enormous contributions Naval forces make to the effectiveness of joint and coalition forces. Analyses of these conflicts indicate that the war fighting concepts, capabilities development process, and advanced technologies we are pursuing in our Naval Power 21 vision are on the right vector. Experimentation with forward deployed Expeditionary Strike Groups has increased credible global combat capability with which to fight the war on terror and project power. We have leveraged OIF experience to implement the Fleet Response Plan – increasing the number of Carrier Strike Groups deployed or readily deployable. The Navy and Marine Corps Team now faces a rare inflection point in history with technological infusions and several new ship classes coming on line within the next few years. This year, we will pursue distributed and joint networked solutions that could revolutionize our capability. With the FY 2005 Budget request we intend to:

- **Shape the 21st Century workforce** and deepen the growth and development of our **people**, and

- **Accelerate our investment in Naval Power 21 to recapitalize and transform** our force and improve its ability to operate as an effective component of our joint war fighting team.

Developing Transformational Joint Seabasing Capabilities

The **Naval Power 21** vision defines the capabilities that the 21st Century Navy will deliver. Our overarching transformational operating concept is **Seabasing**; a national capability, for projecting and sustaining naval power and joint forces that assures joint access by leveraging the operational maneuver of sovereign, distributed, and networked forces operating globally from the sea. Seabasing unifies our capabilities for projecting offensive power, defensive power, command and control, mobility and sustainment around the world. It will enable commanders to generate high tempo operational maneuver by making use of the sea as a means of gaining and maintaining advantage.

Sea Shield is the projection of layered defensive power. It seeks maritime superiority to assure access, and to project defense overland.

Sea Strike is the projection of precise and persistent offensive power. It leverages persistence, precision, stealth, and new force packaging concepts to increase operational tempo and reach. It includes strikes by air, missiles, and by maneuver by Marine Air Ground Task Forces (MAGTF) supported by sea based air and long-range gunfires.

Sea Base is the projection of operational independence. It provides the Joint Force Commander the capability to retain command and control and logistics at mobile, secure locations at sea and enables Expeditionary Maneuver Warfare and Ship-To-Objective-Maneuver (STOM).

FORCEnet is the operational construct and architectural framework for naval warfare in the joint, information age. It integrates warriors, sensors, networks, command and control, platforms and weapons into a networked, distributed combat system.

Sea Trial is the Navy's recently created process for formulating and testing innovative operational concepts, most of which harness advanced technologies and are often combined with new organizational configurations, in pursuit of dramatic improvements in warfighting effectiveness. Sea Trial concept development and experimentation (CD&E) is being conducted in close coordination with, the Marine Corps combat/force development process and reflects a sustained commitment to innovation. These efforts tie warfare innovation to the core operational challenges facing the future joint force.

Sea Enterprise is the flagship effort for freeing up additional resources to support military transformation initiatives through streamlining naval business processes. Involving the Navy Headquarters, the systems commands and the Fleet, Sea Enterprise seeks to improve organizational alignment, refine requirements and reinvest savings to buy the platforms and systems needed to transform the naval contribution to the joint force.

As a means of accelerating our investment in Naval Power 21, we employ the Naval Capability Development Process (NCDP) and Expeditionary Force Development System (EFDS). The Naval Capability Development Process and EFDS take a concepts-to-capabilities approach to direct investment to achieve future warfighting wholeness. The NCDP takes a sea-based, offensive approach that provides power projection and access with distributed and networked forces featuring unmanned and off board nodes with penetrating surveillance via pervasive sensing and displaying that rapidly deliver precision effects. The EFDS assesses, analyzes and integrates MAGTF warfighting concepts, and requirements in a Naval and joint context to support the overarching operational concept of Joint Seabasing. Both processes are designed to incorporate innovative products of Service and Joint Concept Development and Experimentation (CD&E) and Science and Technology (S&T) efforts.

The FY 2005 Budget request reflects the investments that will most improve our warfighting capability by developing and investing in future sea based and expeditionary capabilities for the Navy and Marine Corps.

AVIATION PROGRAMS

The FY 2005 President's Budget request balances continued recapitalization in obtaining new capabilities and reducing operating costs while simultaneously sustaining the legacy fleet

aircraft that are performing magnificently in current operations. Taking advantage of multi-year procurement (MYP) to achieve significant savings in procurement accounts, the Navy has entered, or will soon enter numerous MYP contracts that will define the future of weapons systems and further investment. The Department's FY 2005 Budget request will utilize MYP arrangements for the F/A-18E/F (both airframe and engine), the KC-130J and the E-2C to maximize the return on our investment. Our proposed plan will procure 44 tactical, fixed wing aircraft (42 F/A-18E/F, and two E-2C), as well as eight MV-22, and nine upgraded UH-1Y/AH-1Z helicopters. This plan also continues the development of the F-35, the E-2C Advanced Hawkeye, the EA-18G, Multi-mission Maritime Aircraft (MMA), and the Aerial Common Sensor (ACS) and initiates the Broad Area Maritime Surveillance (BAMS) Unmanned Aerial Vehicles (UAV) development.

SEA SHIELD

Multi-mission Maritime Aircraft (MMA)/P-3C

Current P-3 aircraft are flying in excess of 150 hours per month in support of OEF and OIF. This high flight utilization requires special structural inspections to keep the aircraft safely flying and the Navy has developed a comprehensive sustainment, modernization, and re-capitalization plan for the force. The FY2005 Budget request reflects $56.9 million for Special Structural Inspections (SSI) and Special Structural Inspections - Kits (SSI-K), which will allow for sustainment and continued operation of approximately 148 aircraft. The FY2005 Budget request also reflects $53.8 million for ASW Improvement Program (AIP) to continue to meet COCOM requirements. To replace these critical aircraft, the Navy is procuring an MMA. The program is completing Component Advanced Development (CAD) and in December 2003 received proposals for the System Development and Demonstration (SDD) contract from both competitors (Boeing with 737 commercial derivative and Lockheed-Martin with Orion 21 military derivative). Evaluations of these proposals are ongoing to support down select to final system provider and contract award after Milestone B in May 2004. The FY 2005 Budget requests $496 million for continuation of SDD of MMA. Our comprehensive and balanced approach has allowed for re-capitalization of these critical assets.

MH-60R and MH-60S

The FY 2005 Budget requests $409 million in procurement and $79 million in RDT&E for the replacement and upgrade of Light Airborne Multi-Purpose System (LAMPS) MK III SH-60B and carrier-based SH-60F helicopters to the new configuration designated as MH-60R. Procurement quantity was reduced to mitigate delays in developmental and operational testing. Testing identified stability issues with the Multi-mode Radar (MMR) and software performance issues with MMR/IFF Interrogator, electronic support measures and acoustic systems. FY 2005 funding will fully support a revised procurement profile.

The FY 2005 Budget requests $400 million in procurement and $81 million in RDT&E funds for the MH-60S, which is the Navy's primary combat support helicopter designed to support Carrier and Expeditionary Strike Groups. It will replace a number of legacy platforms with a newly manufactured H-60 airframe. The MH-60S program entered into a full rate five-year MYP contract with the Army in September 2002, for up to 237 aircraft. The FY 2005

Budget request supports the recently awarded MH-60 Common Cockpit MYP. The $423 million contract delivers common cockpits for both MH-60R and MH-60S aircraft, saving the Navy up to $63 million.

AIM-9X

The FY 2005 Budget requests $35.2 million for 157 missiles. AIM-9X was deployed to operational sites last summer after a successful LRIP 4 decision. Test asset availability that slowed the Operational Test was overcome, and the OPEVAL completed in late summer. The Full Rate Production decision is scheduled for March 2004.

SEA STRIKE

F/A-18 E/F

The F/A-18E/F is a significant step forward in improving the survivability and strike capability of the carrier air wing. The Super Hornet provides a 40 percent increase in combat radius, 50 percent increase in endurance, and 25 percent increase in weapons payload over our older Hornets. Three Super Hornet squadrons deployed during OIF as Fleet transition of the F/A-18E/F continues. The latest squadron to stand up is based with the carrier air wing forward deployed in Japan.

The FY 2005 Budget requests $2.98 billion for 42 F/A-18 E/F aircraft for the first year of the second five-year MYP contract (FY 2005 to FY 2009). The Super Hornet has used a spiral development approach to incorporate new technologies, such as the Joint Helmet Mounted Cueing System, ATFLIR, Shared Reconnaissance Pod System (SHARP) and Multifunctional Information Distribution System data link. Last year, the ATFLIR successfully passed the Full Rate Production decision, while the Advanced Electronically Scanned Antenna Radar system received Low Rate Initial Production (LRIP) authority and the SHARP pod completed a successful Early Operational Capability (EOC) onboard USS NIMITZ with VFA-41.

F-35 Joint Strike Fighter (JSF)

Our recapitalization plan includes the JSF, a stealthy, multi-role fighter aircraft designed jointly to be an enabler for Naval Power 21. The FY 2005 Budget request contains $2.2 billion for continuation of SDD on the JSF. The JSF will enhance the Department of the Navy's precision strike capability with unprecedented stealth, range, sensor fusion, improved radar performance, combat ID and electronic attack capabilities compared to legacy platforms. CV JSF complements the F/A-18E/F and EA-18G in providing long range strike capability and much improved persistence over the battlefield. STOVL JSF combines the multi-role versatility of the F/A-18 and the basing flexibility of the AV-8B. The commonality designed into the JSF program will reduce acquisition and operating costs of Navy and Marine Corps tactical aircraft and allow enhanced interoperability with our Allies and sister Services.

The JSF has completed the second year of its development program, and the program continues working to translate concept designs to three producible variants. The JSF development activities for propulsion, subsystems, avionics, and autonomic logistics

have gone well. The Air System Preliminary Design Review was completed in June 2003, and the F135 First Engine to Test was successfully completed in October 2003. The airframe design effort, however, is taking longer and is more complex than had been originally anticipated. Additional design work is required to address technical issues, primarily weight projections, resulting in a SDD cost increase, SDD schedule delays, and a one-year slip to starting LRIP to FY 2007 vice FY 2006. These technical issues have put pressure on our ability to meet several performance specification requirements as well as some Key Performance Parameters. We believe current issues are solvable within normal parameters of design fluctuation and we are re-planning JSF SDD to make sure we succeed. Specifically, our SDD plan recognizes that STOVL performance is absolutely vital. As such, we are focused to ensure STOVL viability for our warfighters; aggressively pursuing trade studies to improve performance by reducing weight; and aggressively pursuing propulsion enhancements to improve performance. An independent review team is also examining the program to make sure we are following the correct path.

V-22

The FY 2005 Budget request includes $918 million for eight MV-22s and $304 million for continued testing and evaluation. The V-22 Osprey resumed flight-testing in May 2002, and it has flown in excess of 1500 hours. Flight-testing continues along an event-driven schedule and is going well. In August 2003, OSD directed the Services to reduce the number of aircraft from 20 to 17 in FY 2006. Subsequently, the aircraft procurement ramp should increase by approximately 50 percent per year and use the savings accrued from the production adjustments for reinvestment into program interoperability improvements and cost reduction initiatives.

CH-53X

The FY 2005 Budget requests $103.1million RDT&E to begin the SDD phase of the CH-53X program. The Marine Corps' CH-53E continues to demonstrate its value as an expeditionary heavy-lift platform, with significant assault support contributions in Afghanistan, the Horn of Africa and Iraq. Vertical heavy lift will be critical to successful 21st Century operations in anti-access, area-denial environments globally, enabling force application and focused logistics envisioned within the joint operating concepts. The CH-53E requires significant design enhancements to meet future interoperability requirements, improve survivability, expand range and payload performance, improve cargo handling and turn-around capabilities and reduce operations and support costs. An independent Analysis of Alternatives determined that a "new build" helicopter would be the most cost-effective solution. The Operational Requirements Document that will guide the development of this aircraft is in review. The CH-53X series aircraft will address our emerging heavy-lift requirements.

F/A-18 A/B/C/D

The FY 2005 Budget request contains $19.9 million for the continuation of the upgrade program for our F/A-18 As. The Marine Corps continues to upgrade Lot 7-11 F/A-18As (with a program objective of 76) to Lot XVII F/A-18C aircraft capability as well as digital communications and tactical data link. The Marine Corps anticipates programmed upgrades to

enhance the current capabilities of the F/A-18C/D with digital communications, tactical data link and tactical reconnaissance systems. This upgrade ensures that our F/A-18s remain viable and relevant in support of TACAIR Integration and Expeditionary Maneuver Warfare. The Marines expect the F/A-18A to remain in the active inventory until 2015. The Marines are also exploring the feasibility of placing the LITENING targeting pod on the F/A-18D aircraft. When combined with data link hardware from Predator UAVs, this pod provides real time video to the ground commander and serves as an interim solution to support real world operations until the Advanced Targeting Forward Looking Infrared (ATFLIR) pod is operationally fielded in sufficient numbers. This new start notification has been sent to Congress.

Integrated Defensive Electronic Countermeasures (IDECM)

The FY2005 Budget reflects $13.4 million in RDT&E to continue the development of the IDECM Block III (ALQ-214 w/ the ALE-55 (fiber optic towed decoy)) that will support an FY 2006 OPEVAL. Additionally, $99 million in APN is included for the procurement of 38 ALQ-214 systems, and $9 million in PANMC for the procurement of 400 ALE-50 towed decoys. ALE-55 procurement is scheduled for FY 2006. Congress added $9 million to RDT&E, N in the FY 2004 budget for the IDECM program. This funded resolution and testing of (then) remaining technical issues. As a result, OPEVAL was completed and the IDECM Block II OPEVAL Report was signed October 3, 2003, with both a finding of "Operationally Effective and Operationally Suitable", and a recommendation for fleet introduction. IOC is planned for September 2004. Full Rate Production deliveries begin in FY 2005.

EA-18G

The E/A-18G is the Navy's replacement for the EA-6B Airborne Electronic Attack aircraft and represents an entirely new way of looking at legacy aircraft replacement. Leveraging existing production capabilities at Boeing and Northrop Grumman, the Navy is using the F/A-18E/F MYC to buy an additional quantity of 'F' Aircraft, and marrying those airframes with Northrop Grumman's in-production Improved Capabilities (ICAP)-III Airborne Electronic Attack (AEA) system to produce the E/A-18G to replace the aging EA-6B aircraft. This allows us to deliver the next generation Airborne Electronic Attack capability at reduced cost and in the shortest possible timeframe. The Marine Corps is examining a range of possibilities that will provide the needed capability.

The FY 2005 Budget request reflects $359 million for SDD leading to Critical Design Review currently planned for April 2005. During FY 2004, EA-18G efforts focused on risk reduction and development activities concerning the integration of EA-6B Improved Capabilities (ICAP III) electronic attack technologies into the F/A-18E/F air vehicle. The EA-18G was approved to enter SDD on December 18, 2003, as an ACAT ID program. A total quantity of 30 systems will be procured in LRIP with a planned FY 2009 IOC and FY 2012 FOC. The EA-18G will replace carrier-based Navy EA-6B aircraft by 2012.

AH-1Z / UH-1Y / Existing Marine Corps Helicopters

The FY 2005 Budget requests $241.8 million APN funds to procure 9 UH-1Y/AH-1Z aircraft and $90.4 million RDT&E funds to complete the H-1 Upgrades test program. The Engineering and Manufacturing Development phase of the H-1 Upgrades Program to remanufacture 180 AH-1W and 100 UH-1N helicopters into state-of-the-art AH-1Z and UH-1Y models is progressing well. The development program is over 90 percent complete and the aircraft are meeting all Key Performance Parameters. Cost and schedule performance projections are tracking well to the Performance Measurement Baseline. LRIP Lot I was approved in October 2003, with the contract awarded to Bell Helicopter in December 2003. The technical performance of the flight test remains strong with the five flight test aircraft completing over 1500 flight hours during combined contractor/government testing at Patuxent River, MD, and completing the Block "C" modification that added the Helmet-Mounted Sight/Display and active elevator. The program is on track for a second Operational Assessment in March 2004, followed by an LRIP Lot II decision planned for August 2004.

The Marine Corps continues to support its fleet of existing of UH-1N, AH-1W, CH-53E, CH-53D and CH-46E helicopters with numerous enhancements and Operational Safety Improvement Programs (OSIPs). As an example, the FY 2005 Budget requests $56.4 million for the CH-46E T-58 Engine Reliability Improvement Program; this program will restore the capability of these engines to their original power specifications and reduce maintenance requirements.

AV-8B

The FY 2005 Budget requests $12.3 million RDT&E funds to support development of the Tactical Moving Map Display and the Engine Life Management Plan and $20.8 million APN funding for procurement of Open Systems Core Avionics Requirement (OSCAR) and Engine Life upgrades. The AV-8B we fly today is not the same aircraft that we flew 10 years ago. Over the last decade, the Harrier has gone from a daytime air-ground attack aircraft to a night/adverse weather precision strike platform. The AV-8B Remanufacture Program not only updated the Harrier to a more capable and more reliable aircraft, but also provided an additional 6000 hours of airframe life, making the AV-8B one of the newest airframes in the Fleet. Today's AV-8B includes a night-attack avionics suite (Navigation FLIR, digital moving map, color displays, night vision goggle lighting), APG-65 multi-mode radar, a more powerful and reliable Pegasus (408) engine, and the Litening targeting pod. The AV-8B OSCAR program, currently in LRIP, will also add new Mission Systems and Warfare Management Computers, open systems architecture and commercial software and JDAM capability. Our AV-8B Harriers have flown extensively in support of Special Operations Forces in Operation ENDURING FREEDOM (OEF), as well as during OIF last year. AV-8B's demonstrated the expeditionary flexibility of Short Take-Off/Vertical Landing (STOVL) aircraft while becoming the most forward deployed tactical aircraft in theater. Several Harriers employed Litening targeting pods with real-time video downlink capability that provided visual target verification by ground personnel. The Litening pods' inherent capability to laser designate targets for precision munitions also marked spots on the ground with infrared energy.

EA-6B

The FY 2005 Budget requests $51.7 million for Wing Center Section modifications and $53 million for procurement of 10 Improved CAPability (ICAP) III systems. The aging EA-6B has been in ever-increasing demand as DoD's only tactical radar jamming aircraft that also engages in communications jamming and information operations. This demand has been particularly evident during OIF and OEF. Safety considerations, due to wing center section and outer wing panel fatigue have driven aircraft inventory (aircraft available to the fleet) from 95 to 71. Aircraft inventory is projected to return to above 90 by the first quarter of FY 2006. Congress provided a $85 million supplemental in FY 2004 that has accelerated the procurement and installation efforts to replace both wing center sections and outer wing panels. Priorities for this platform are current readiness and successful fleet introduction of ICAP III selective reactive jamming system. The Marine Corps expects to fly the EA-6B ICAP III until transitioning to a new electronic attack aircraft yet to be determined.

Precision Munitions

Precision Guided Munitions (PGMs) are where the effects of decisive power *"From the Sea"* are realized most clearly. From more than 870 Tomahawks fired from more than 35 surface and subsurface combatants to thousands of other Navy PGM's deployed in OEF and OIF, PGM's provided key Navy combat strike power and lethality.

The Navy made investments in PGMs to ramp-up production for OEF/OIF and subsequently support on-going replenishment of needed wartime expended inventories. Due to the effectiveness of the Navy PGMs and the ways in which they were employed in combat, we did not use as many as we had expected. Therefore, we now find ourselves able to reduce the procurement rate for refilling our required inventories.

The FY 2005 Budget request will continue to enhance the Navy's war-fighting capability by supporting on-going production programs, improving existing PGMs and establishing new programs. All of these PGM programs will facilitate continued domination in the maritime environment, support in-land operational forces and enhance the overall department strategy to deter and dissuade potential adversaries while supporting our allies and friends.

Joint Standoff Weapon (JSOW)

The FY 2005 Budget requests $9.5 million for development and integration of the Selective Availability Anti-Spoofing Module (SASSM), and $74.6 million for procurement of 216 JSOW-A missiles and $64.8 million for procurement of 173 JSOW-C missiles. The FY 2005 Budget request supports continued production of the combat proven JSOW-A submunition variant and continued development of the new JSOW-C penetrator variant. We approved JSOW-C for LRIP in June 2003 and plan for Full Rate Production approval in 2004.

Advanced Anti-Radiation Guided Missile (AARGM)

The FY2005 Budget request of $61.5 million supports ongoing development of the next generation anti-radiation missile. It should be noted that recently, the AARGM successfully

demonstrated its ability to ignore a friendly radar site yet destroy an enemy radar site that had shut down in an effort to avoid attack. Additional funding in the FY 2005 Budget request enables acceleration of the IOC from FY 2010 to FY 2009.

Joint Common Missile (JCM)

The FY 2005 Budget requests $82.8 million for JCM development. The FY 2005 Budget request reflects increased support for the development of the JCM that is planned for use by Navy, Marine Corps and Army aviation assets to close a capability gap in precision point attack for fixed-wing and rotary-wing aircraft against time critical, moving and short-dwell relocatable targets. The Milestone B decision is planned for March 2004.

Other Direct Attack PGM's

The FY 2005 Budget requests $151.2 million for procurement of Joint Direct Attack Munition (JDAM) Kits and $60.2 million for procurement of Laser Guided Bomb (LGB) Kits. The FY 2005 Budget request for other PGM hardware such as the JDAM and LGB Kits reflects adequate support for the production of these essential combat-proven weapons.

Tactical Tomahawk

The FY 2005 Budget requests $256.2 million for 293 missiles, an increase of $64 million and 75 missiles over the amount projected for FY 2005 in the FY 2004 budget. Tactical Tomahawk represents a tremendous improvement over the successful Block III Tomahawk cruise missile. The state-of-the-art components allow reduced response time, multiple pre-planned outcomes, and improved lethality and navigation improvements through innovations in manufacturing and production techniques. We have committed to replenish our precision-guided munitions inventories and we will utilize a multi-year acquisition strategy to maximize the quantity of Tomahawk missiles procured. The Full Rate Production decision is on track for June 2004. Additionally, we are in the final stages of our second remanufacture program; converting all available older Tomahawk airframes to the latest Block III configuration. This effort will be complete in May of this year and will yield an additional 456 missiles.

SEA BASE

KC-130

The FY 2005 Budget requests $324 million for four KC-130J Hercules aircraft. These aircraft will be procured as part of an existing Air Force MYC. The Marine Corps has taken delivery of 13 KC-130J aircraft and has an additional 25 planned for procurement within the FYDP. The KC-130 fleet once again proved itself as a workhorse during operations in Iraq. The KC-130J provides a major enhancement to this proven platform, extending its range, payload, and refueling capabilities. Bold steps in simulator training and joint flight instruction place the KC-130J program on the leading edge of the transformation continuum. Additionally, we have continued to ensure the tactical capability of our existing KC-130F, R and T series aircraft by installing night vision kits and upgraded Aircraft Survivability Equipment.

C-40

The FY 2005 Budget requests $65.4 million for one C-40 (Boeing 737-700C). This aircraft replaces the aging C-9 providing intra-theater logistics support. The Navy has taken delivery of six with two more on contract. An additional six are planned for procurement in the FYDP.

FORCEnet

E-2C and Advanced Hawkeye

A critical enabler of transformational intelligence, surveillance and reconnaissance, the E-2C Advanced Hawkeye (AHE) program will provide a robust overland capability against current and future cruise missile-type targets. The AHE program will modernize the E-2 weapons system by replacing the current radar and other system components to maintain open ocean capability while adding transformational surveillance as well as theater air and missile defense capabilities.

The FY 2005 Budget requests $248 million to procure one E-2C and one TE-2C as the second year of a four-year MYP. This effort will keep the production line viable while the E-2 Advanced Hawkeye (AHE), formerly known as the Radar Modernization Program, continues spiral development toward an Initial Operational Capability (IOC) in FY 2011. Congressional notification of full funding and economic rate was sent in January 2004. The MYP contract was awarded on January 22, 2004. A critical enabler of transformational intelligence, surveillance and reconnaissance, the E-2C AHE program will provide a robust overland capability against current and future cruise missile-type targets. The AHE program will modernize the E-2 weapons system by replacing the current radar and other system components to maintain open ocean capability while adding transformational surveillance as well as theater air and missile defense capabilities. The AHE program successfully entered the SDD phase in June 2003. Further, open architecture standards are being integrated into our E-2C aircraft and the AHE program to improve interoperability with DoD systems.

Aerial Common Sensor (ACS)/EP-3

The FY 2005 Budget requests $25 million for Joint requirements for ACS aircraft development. ACS is a joint program with the Army that will replace the EP-3E aircraft. It will provide a transformational multi-intelligence platform capable of providing strike support and Direct Threat warning to the war fighter. The ACS is in a competitive source selection between Lockheed-Martin's Embraer 145-CS and Northrop Grumman's Gulfstream 450 RC-20 and a source select decision is scheduled for May 2004. The Navy will report to a Milestone Decision Authority for an Interim Program Review in October 2004.

Unmanned Aerial Vehicles (UAV)

The GWOT continues to place emphasis on the importance of UAVs. The FY 2005 Budget request reflects our commitment to a focused array of UAVs that will support and

enhance both surveillance and strike missions with persistent, distributed, netted sensors. The Navy's UAV programs are focused on two areas.

Broad Area Maritime Surveillance (BAMS) UAV

The FY 2005 Budget requests $113.4 million for development of the BAMS UAV. The BAMS UAV program will meet the Navy requirement for a persistent intelligence, surveillance and reconnaissance (ISR) capability as well as address the growing ISR gap and the shortfall in maritime surveillance capability. The BAMS UAV System will be a force multiplier for the Fleet Commander, enhancing situational awareness of the battle-space and shortening the sensor-to-shooter kill chain. BAMS UAV will work as an adjunct to the new MMA to provide a more affordable, effective and supportable maritime ISR option than current ISR aircraft provide. The BAMS UAV System is intended to be a Navy fleet asset for tactical users such as the ESG, the CSG and the Joint Forces Maritime Component Commander (JFMCC).

Fire Scout UAV

The FY 2005 Budget requests $42.9 million to continue development of the Fire Scout UAV. The Fire Scout is a Vertical Takeoff and Landing Tactical UAV (VTUAV) designed to operate from all air-capable ships, carry modular mission payloads, and operate using the Tactical Control System and Tactical Common Data Link. The Fire Scout UAV will provide day/night real time ISR and Targeting as well as communication-relay and battlefield management capabilities to support core Littoral Combat Ship (LCS) mission areas of ASW, MIW and ASUW for the Naval forces. Upgrades will include four-bladed rotor, increased payload capacity, and weaponization to address small surface threats. Upgraded Fire Scout capability will be fielded with LCS Flt 1 in FY 2010. The Navy Fire Scout program plans coordination with the U.S. Army Future Combat System program.

Marine Corps UAV

The Marine Corps continues to examine options for the sustainment and eventual replacement of its aging Pioneer fleet. Pioneer flew more than 2,350 hours in support of Operation Iraqi Freedom I, highlighting the criticality of these systems for our Marine forces. Requirements for Vertical Unmanned Aerial Vehicle (VUAV) are being developed in consonance with Ship to Objective Maneuver concepts from Expeditionary Maneuver Warfare and with lessons learned from recent operational experience.

Joint Unmanned Combat Air System (JUCAS)

The Department is committed to a Joint Unmanned Combat Air System (JUCAS) initiative, developed in partnership with the Air Force. The Navy and the Air Force have defined a common set of science and technology requirements that recognizes the unique needs of each Service. This work will support a competitive acquisition strategy for a JUCAS program.

OTHER SIGNIFICANT CAPABILITIES

T-45

The FY 2005 Budget requests $254 million for eight T-45 aircraft. The request also includes full funding for the Required Avionics Modernization Program (RAMP). A performance-based logistics contract was awarded to L3 COM Corporation for the airframe and Rolls Royce for the engine in July 2003. This enhanced Performance based Logistics concept will provide cost wise readiness and save the DoD approximately 10% over the previous contract.

Presidential Helicopter Replacement Aircraft (VXX)

The FY 2005 Budget requests $777.5 million RDT&E for SDD efforts on the VXX program. The goal of this accelerated program is to introduce a new Presidential Airlift aircraft by end of Calendar Year (CY) 2008. The VXX program will utilize an evolutionary acquisition approach through a two-part incremental development to meet this need. The goal of the VXX development is to deliver a safe, survivable and capable vertical lift aircraft while providing uninterrupted communications with all required agencies. To support the accelerated VXX program, the Department will award a SDD contract in 3 quarter of FY 2004.

SEA TRIAL AND SEA ENTERPRISE IN ACTION: OPERATION RESPONSE

In support of the I Marine Expeditionary Force's (I MEF) return to Iraq scheduled to begin March 2004, and in support of deployed Marines in Afghanistan, the Secretary of the Navy directed the establishment of a formalized process and action team, "OPERATION RESPONSE", to rapidly respond to technological and materiel requirements generated from deployed Marines. A senior Navy-Marine Corps team co-chaired by the Assistant Secretary of the Navy (Research, Development and Acquisition) and the Deputy Commandant for Combat Development will review and coordinate technical and materiel requirements for deployed units and utilize the technical and engineering expertise throughout the Department of the Navy and industry to expedite the best solutions available to counter rapidly evolving threats. This process will leverage and expand the current roles and capabilities of our established requirements generation and materiel development and acquisition commands in order to better respond to innovative enemy threats.

Intelligence, Surveillance, and Reconnaissance (ISR)

The Marine Corps will be rapidly fielding a number of systems to provide enhanced ISR capabilities in the theater of operations. These systems include Unmanned Aerial Vehicles (UAVs), such as Dragon Eye and an ONR developed vehicle, Silver Fox. A recent demonstration of the Scan Eagle UAV went very well and I MEF is preparing an Urgent Needs Statement for the system. The Marines also plan to employ aerostat balloons and possibly smaller, Army Rapid Equipping Force-derived platforms to provide persistent ISR coverage.

Aircraft Survivability Equipment (ASE)

The Navy and Marine Corps aviation has partnered with industry to expedite the application of ASE on the Marine Corps rotary and fixed wing aircraft deploying to the CENTCOM area as part of the MEF's Aviation Combat Element (ACE). Rotary wing aircraft will have the requisite ASE installed by industry teams prior to their departure, enroute on ships, upon arrival in-theater, or shortly after their arrival in-theater. KC-130 aircraft, which were not planned to receive ASE upgrades, will now receive some ASE upgrades initially shortly after they arrive in-theater and additional design work is being completed for full upgrades to be applied while in-theater.

SUMMARY

Our Naval forces are unique in their contribution to the Nation's defense. Versatile Naval expeditionary forces are the nation's first responders, relied upon to establish the tempo of action, control the early phases of hostilities, and set conditions for decisive resolution. America's ability to protect its homeland, assure our friends and allies, deter potential adversaries, and project decisive combat power depends on maritime superiority. The transformation of Naval forces is dedicated to greatly expanding the sovereign options available worldwide to the President across the full spectrum of warfare by exploiting one of our Nation's asymmetric advantages – control of the sea. The transformation of our Naval forces leverages enduring capabilities for projecting sustainable, immediately employable joint combat power by facilitating the accelerated deployment and flexible employment of additional joint capabilities through a family of systems and assets afloat. Our FY 2005 Budget request seeks to accelerate our investment in Naval Power 21 to transform our force and its ability to operate as an effective component of the joint war fighting team. Congressional support of this plan is essential to achieving this vision – I thank you for your consideration.