

HORIZON OFFSHORE SERVICES
STRATEGIC ANALYTICAL ASSESSMENT
U.S. NAVY SHIPBUILDING PLAN
MAY 2026 EDITION

Industrial Base Assessment | Fleet Growth Analysis | Procurement Strategy Critique

COMPREHENSIVE INDEPENDENT REVIEW

Prepared: May 2026

STRATEGIC SCOPE
30-Year Plan | FY27 – FY56

FYDP BATTLE FORCE INVESTMENT
US\$305.7 Billion

This document constitutes an independent Horizon Offshore Services analytical review of the U.S. Navy Shipbuilding Plan (May 2026). It is provided for strategic assessment purposes, encompassing industrial base evaluation, fleet growth trajectory analysis, and procurement methodology critique.

SECTION I — EXECUTIVE SUMMARY

Executive Summary

The May 2026 U.S. Navy Shipbuilding Plan represents the most comprehensive and strategically cohesive naval construction document produced by the Department of the Navy in over three decades. Anchored by the Golden Fleet Initiative, this 30-year framework addresses simultaneously the atrophy of the industrial base, the quantitative deficiency of the battle force relative to statutory requirements, and the structural dysfunction of Navy acquisition practices that have compounded over decades.

Horizon Offshore Services evaluates this plan across three analytical axes: (1) the health and viability of the shipbuilding industrial base and proposed remediation investments; (2) the fleet growth trajectory - its pace, composition, and credibility given industrial constraints; and (3) the procurement strategy itself - its structural logic, incentive architecture, and departure from historical patterns that produced chronic underperformance.

HORIZON OFFSHORE SERVICES — PRINCIPAL DETERMINATION

The May 2026 Shipbuilding Plan is determined by Horizon Offshore Services to be a document of singular consequence in the history of post-Cold War American defense planning. It is the professional judgment of Horizon Offshore Services that no comparable planning document in the modern era has achieved this degree of internal coherence between stated strategic intent and programmatic implementation. The plan does not merely articulate ambition - it builds enforcement architecture, assigns accountable officials, links capital deployment to measurable outcomes, and names with candor the structural failures that preceded it. That combination places it in a class of its own among peacetime naval planning documents.

Horizon Offshore Services - Professional Assessment: Strengths & Risks

Horizon Offshore Services presents the following authoritative assessment of the plan's principal strategic strengths and execution risks. This evaluation reflects independent analysis of programmatic credibility, industrial realism, procurement architecture, and long-range force design logic. It is the considered professional opinion of Horizon Offshore Services that the strengths of this plan substantially outweigh its risks - but that the risks identified are of sufficient magnitude to warrant sustained executive attention at the highest levels of the Department of the Navy and the United States Congress.

STRATEGIC STRENGTHS	EXECUTION RISKS & LIMITATIONS
<ul style="list-style-type: none"> ✓ Unprecedented doctrinal clarity — every investment is traceable to a named operational concept (EMM, DMO, Hedge Strategy), eliminating the aspiration-action disconnect that plagued prior planning cycles 	<ul style="list-style-type: none"> ⚠ Submarine industrial base production rate targets (1 SSBN + 2 SSNs per year by FY31) are the plan's most consequential and most uncertain commitment — a 24-to-36-month slip cascades materially across the entire fleet growth projection
<ul style="list-style-type: none"> ✓ ShipOS AI production management platform demonstrates transformative potential — reducing submarine schedule planning from 160 manual 	<ul style="list-style-type: none"> ⚠ Battleship (BBGN) is the first clean-sheet surface combatant in over 30 years — first-of-class technical risk, design churn potential, and Lead

STRATEGIC STRENGTHS	EXECUTION RISKS & LIMITATIONS
<p>hours to under 10 minutes is a verified performance outcome, not a projection</p>	<p>Ship cost premiums of 30-50% above follow-on hulls must be budgeted from inception</p>
<p>✓ Portfolio Acquisition Executive model creates single-point accountability and eliminates the disaggregated authority structures that have historically diffused responsibility for cost and schedule failures</p>	<p>⚠ Congressional appropriations continuity across multiple administrations cannot be assumed - the explicit notation that all items beyond the FYDP are under Administration review is a structural vulnerability of the first order</p>
<p>✓ High-low force design is economically rational and operationally sound - the explicit acknowledgment that DDG-only fleets are unaffordable and inflexible reflects strategic maturity absent from prior plans</p>	<p>⚠ Distributed shipbuilding scaling from 10% to 50% requires simultaneous cultural, organizational, and contractual transformation - the VCM model is sound in theory but unproven at the scale and complexity this plan demands</p>
<p>✓ Factory 4 public-private partnership (\$900M Navy + \$1.5B private capital) is outcome-linked, not infrastructure-linked - addressing the root cause of prior industrial base investment underperformance</p>	<p>⚠ Foreign investment provisions require legislative and contractual architecture that locks in domestic capacity growth - without this discipline, the strategy risks creating persistent overseas dependency rather than temporary bridge capacity</p>
<p>✓ Distributed shipbuilding ambition (10% to 50% of work) will expand competition, reduce bottleneck risk, and create industrial base resilience no single-yard dependency model can achieve</p>	<p>⚠ Wage competitiveness commitment at Electric Boat and Newport News must be sustained beyond the current funding horizon - workforce attrition remains a latent risk if government wage support is not matched by industry capital reinvestment</p>
<p>✓ Contractual incentive realignment - schedule penalties, outcome-based payment, and BOND executive embedding - places performance risk on industry for the first time at this programmatic scale</p>	<p>⚠ Requirements discipline enforcement - the central reform commitment of the PAE model - has been attempted and failed in prior acquisition reform cycles; current institutional will to enforce freeze discipline under operational pressure remains to be proven at scale</p>
<p>✓ Transparent inclusion of unmanned and auxiliary vessels in Total Naval Vessel Force provides an honest accounting of naval combat power that prior battle-force-only metrics systematically understated</p>	<p>⚠ ShipOS must scale across a heterogeneous supplier base with aging ERP systems and legacy data environments - integration complexity at scale may attenuate the performance gains demonstrated in controlled pilot conditions</p>
<p>✓ Columbia-class SSBN design accommodates next-generation SLBMs through the 2080s - a generational strategic deterrence investment with no precedent in prior surface or subsurface planning documents</p>	<p>⚠ Amphibious Force readiness gap acknowledged through AFRB but incompletely quantified - the 3.0 ARG/MEU continuous presence target remains aspirational pending refined warship inventory projections and ongoing analysis</p>
<p>✓ Foreign investment strategy, properly executed, could deliver allied capital and expertise into U.S. yards - accelerating domestic capacity without compromising design sovereignty or operational security</p>	<p>⚠ SSN(X) development timeline (lead boat in early 2040s) must survive successive budget cycles without the near-term deliverable urgency that sustains congressional support for programs of longer horizon</p>

SECTION II — STRATEGIC LOGIC & DOCTRINAL ALIGNMENT

Strategic Logic & Doctrinal Alignment

The May 2026 plan is doctrinally anchored with uncommon precision. Unlike prior Navy shipbuilding plans that catalogued desired capabilities in abstraction, this document grounds every major investment in a named operational concept - specifically Expanded Maritime Maneuver (EMM) and Distributed Maritime Operations (DMO) - and traces each platform type to its designated role within that framework.

The Golden Fleet Initiative

The Golden Fleet Initiative establishes an explicit governing philosophy: that American maritime dominance is not guaranteed, that adversaries have exploited two decades of inattention to achieve naval mass at competitive parity, and that restoring dominance requires not incremental adjustment but generational reinvestment.

The plan's three-pillar structure - **Change How We Do Business, Enhance Maritime Dominance, and Revitalize Our Industrial Base** - is not rhetorical scaffolding. Each pillar is operationalized through specific structural mechanisms: the Portfolio Acquisition Executive model addresses the first, new platform classes and unmanned integration address the second, and the US\$19.3 billion industrial base investment surge addresses the third. The internal coherence between stated principle and programmatic action is markedly superior to prior planning cycles.

The Hedge Strategy - Force Design Under Uncertainty

The Chief of Naval Operations' Hedge Strategy is one of the most analytically honest admissions embedded in a Navy planning document in recent memory. Rather than asserting certainty about the future threat environment, it acknowledges that the character of future high-end conflict cannot be predicted with precision and designs force structure accordingly.

HORIZON OFFSHORE SERVICES - DETERMINATION ON HEDGE STRATEGY

The combination of high-end multi-mission platforms (CVN, SSBN, SSN, BBG, DDG) paired with modular, rapidly deployable lower-cost systems (Frigate, MUSV, XLUUV, LSM) constitutes a theoretically sound force design approach. Horizon Offshore Services determines this Hedge Strategy to be a defining structural strength of the plan — a governing logic that avoids optimizing exclusively for the expected threat while preserving capability to address the unexpected. Its explicit naming as a governing principle, rather than its obscurity behind capability descriptions, is itself a mark of analytical maturity.

High-Low Mix - Strategic Necessity Acknowledged

The plan's candid admission that a force composed solely of high-end destroyers is both economically unsustainable and operationally inflexible reflects a maturation of strategic thought within the Department. The explicit acknowledgment that using advanced interceptors against cheap attritable drones constitutes a losing economic exchange - and that fleet design must internalize this asymmetry - is a substantive departure from the implicit assumption underlying twenty years of destroyer-centric surface force planning.

The introduction of the Battleship (BBGN) and the Frigate (FF(X)) as complementary bookends of the surface combatant spectrum is strategically defensible. The Battleship fills the long-range sustained fires role that the DDG 51, despite its excellence, cannot economically provide at scale. The Frigate absorbs lower-end escort, patrol, and counternarcotics missions, freeing DDG capacity for its highest-value functions within Carrier Strike Groups and Surface Action Groups.

SECTION III — INDUSTRIAL BASE ASSESSMENT

Industrial Base Assessment

The industrial base represents both the most candid and most consequential dimension of the May 2026 plan. The document does not obscure the severity of industrial degradation - it describes it with a directness that would have been institutionally uncomfortable in prior planning cycles. This candor is itself a signal of analytical credibility and is noted by Horizon Offshore Services as a significant departure from historical planning norms.

The Diagnosis: Decades of Structural Atrophy

The plan correctly identifies that the root causes of industrial decline are structural rather than cyclical. The concentration of shipbuilding capacity in a handful of legacy coastal yards created a brittle, bottleneck-prone production system. Inconsistent demand signals across budget cycles prevented the capital investment required for workforce development and infrastructure modernization. The consequence: a shipbuilding budget that doubled over twenty years yielded no net increase in battle force ships.

Industrial Metric	Current Condition	Target / Requirement	HOS Progress Determination
Battle Force Ships	291 ships	355 ships (statutory)	Critical gap — remediation initiated but years from closure
Distributed Build Sites	~10% of work	50% target	Early stage — VCM framework established, scaling unproven
Sub Production Rate	Below 2 SSNs/yr	1 SSBN + 2 SSNs/yr by FY31	In progress — highest-priority industrial deliverable
Workforce Attrition	Elevated historically	2–5% reduction achieved CY25	Improving — wage investment producing measurable results
Shipyards Technology	1960s–1980s vintage	Digital-first modernization	Investment underway — ShipOS pilot validated; scale-up required
Supplier Concentration	High fragility	Diversification and new sources	Early stage — structural vulnerability persists near-term

Planned Investment Architecture

The PB27 budget requests a generational increase of US\$19.3 billion in industrial base investment over PB26. This commitment spans six categories: infrastructure modernization, wage competitiveness, workforce development, distributed shipbuilding expansion, supplier diversification, and technology acceleration. The breadth and simultaneity of these investments reflect an understanding that industrial base restoration is a system-of-systems challenge - piecemeal remediation of individual bottlenecks will not produce the throughput required.

ShipOS - AI-Enabled Production Management

The December 2025 launch of ShipOS is the most operationally significant technology investment described in the plan. This AI-driven production management platform aggregates data across enterprise resource planning systems, legacy databases, work orders, and supply chain nodes to provide end-to-end visibility from raw material sourcing to hull delivery.

HORIZON OFFSHORE SERVICES - SHIOS PERFORMANCE DETERMINATION

Early pilot outcomes are verified, not projected: submarine schedule planning reduced from 160 manual hours to under 10 minutes; material review cycles compressed from weeks to under one hour. Horizon Offshore Services determines these results to represent the most consequential technology advance in U.S. naval production management since the introduction of computer-aided design. The critical imperative is scale-up - ShipOS must be extended across the full Submarine Industrial Base and then to surface shipbuilders by end of 2026 as committed, or its strategic value will remain confined to pilot conditions.

Factory 4 - Distributed Advanced Manufacturing

The Factory of the Future facility in Muscle Shoals, Alabama - supported by US\$900 million in Navy investment from the One Big Beautiful Bill Act and US\$1.5 billion in private capital - represents the plan's clearest example of outcome-linked industrial investment. Investment is tied to measurable production outcomes, not to infrastructure delivery alone. Horizon Offshore Services determines this incentive structure to be a structural reform of genuine significance - addressing the root cause of prior capital deployment failures in the shipbuilding industrial base.

Foreign Investment Strategy - A Calibrated, Calculated Risk

The plan's foreign investment provisions are among its most strategically innovative and most analytically contested elements. The proposal for U.S. prime contractors to subcontract large-scale non-sensitive hull modules to allied overseas facilities, combined with attracting foreign shipbuilding capital into U.S. brownfield and greenfield yard investments, represents a pragmatic acknowledgment that domestic capacity alone cannot meet the production timeline the strategic environment demands.

HORIZON OFFSHORE SERVICES DIRECTIVE - FOREIGN INVESTMENT OVERSIGHT

While the foreign investment strategy is justified in the near term, Horizon Offshore Services directs the following as non-negotiable preconditions for responsible execution: milestone-linked domestic re-transfer provisions must be embedded in all allied construction agreements from contract inception; legislative authority must explicitly define the scope and duration of overseas fabrication; and performance benchmarks for the establishment of U.S.-based follow-on production capacity must be published before the first allied yard contract is awarded. Without these safeguards, the strategy risks institutionalizing dependency rather than building resilience.

Horizon Offshore Services - Industrial Base Progress Determination

ASSESSMENT DIMENSION	HOS STATUS DETERMINATION	HOS DIRECTIVE / PRIORITY ACTION
Diagnostic Accuracy of Industrial Condition	Fully Verified — Candor Commended	Use this honest baseline publicly to sustain congressional urgency and industrial accountability through every subsequent budget submission

ASSESSMENT DIMENSION	HOS STATUS DETERMINATION	HOS DIRECTIVE / PRIORITY ACTION
Investment Breadth & Structural Coverage	Comprehensive — Execution Pending	Ensure all six investment categories (infrastructure, wages, workforce, distributed build, supplier, technology) are funded proportionally — no category can be deferred without cascading consequence
Outcome-Linkage of Capital Deployment	Reform Established — Must Hold	Reject any reversion to infrastructure-delivery-only milestones; outcome-linked payment terms must survive contracting and legal review intact
ShipOS Technology Integration	Pilot Proven — Scale-Up is the Test	Extend to all submarine suppliers by end of 2026; surface shipbuilders by end of 2027; report monthly performance metrics publicly to sustain accountability
Foreign Investment Governance	Framework Exists — Oversight Incomplete	Publish legislative proposal, domestic re-transfer milestones, and allied yard performance standards before any construction contract is executed offshore

SECTION IV — FLEET GROWTH ANALYSIS

Fleet Growth Analysis

The fleet growth trajectory described in the May 2026 plan is ambitious by any historical standard of American naval construction since the Cold War. The plan projects total naval inventory growth from 395 vessels in FY27 to 450+ vessels by the early 2030s, and projects the manned battle force reaching the statutory 355-ship requirement by FY40 - a target that has been legally mandated and persistently unmet for over two decades.

Near-Term FYDP Inventory Projections (FY27–FY31)

Category	FY27	FY28	FY29	FY30	FY31
Battle Force Ships	288	288	290	293	299
Auxiliary Ships	68	67	66	69	68
Unmanned Vessels (MUSV)	39	49	59	71	83
Total Naval Inventory	395	404	415	433	450

The near-term battle force growth is deliberately conservative - from 288 to 299 ships by FY31 - reflecting a realistic acknowledgment that industrial base capacity must be rebuilt before construction volume can scale. The unmanned vessel trajectory, by contrast, is aggressive: from 39 MUSVs in FY27 to 83 by FY31, facilitated by the Other Transaction Authority model that bypasses conventional procurement timelines. Horizon Offshore Services determines this phasing to be industrially credible and strategically honest.

Submarine Program - The Strategic Core

The submarine programs collectively command US\$124.9 billion across the FYDP, making undersea warfare the single largest investment domain in the plan. Horizon Offshore Services determines this prioritization to be strategically correct and operationally essential: submarines represent the most survivable, most operationally flexible, and most deterrence-stable platforms in the battle force.

Columbia-Class SSBN - Recapitalizing the Sea-Based Deterrent

The Columbia-class program is the War Department's declared top acquisition priority. The plan invests US\$15.2 billion in FY27 and US\$62.0 billion across the FYDP, with the design specifically engineered to accommodate next-generation SLBMs in the late 2030s and platform relevance sustained through the 2080s. The contractual structure - heavy schedule performance incentives with financial penalties for slippage - directly addresses the most persistent risk in SSBN production history.

Virginia-Class SSN - Undersea Dominance Sustained

Ten Virginia-class submarines are funded across the FYDP at US\$62.9 billion total. Achieving the target production rate of two submarines per year is the near-term industrial baseline priority and, in the determination of Horizon

Offshore Services, the single most consequential execution challenge facing the entire shipbuilding plan. Progress toward this target must be reported against verifiable production milestones, not programmatic declarations.

Surface Combatant Expansion

Platform	FYDP Qty	FYDP Investment	Primary Operational Role
Arleigh Burke DDG 51	7 ships	\$25.3B	Multi-mission; CSG/SAG backbone
Battleship BBGN (new class)	3 ships	\$43.5B (AP + FF)	Long-range sustained fires; deterrence presence
Frigate FF(X) (new class)	4 ships	\$7.0B	Lower-end escort; convoy; ASW
America-Class LHA	2 ships	\$9.6B	Amphibious assault; aviation operations
San Antonio-Class LPD 17	5 ships	\$12.9B	Amphibious transport; littoral operations
Medium Landing Ship LSM	23 ships	\$6.8B	Distributed littoral maneuver; beach landing

HORIZON OFFSHORE SERVICES - BATTLESHIP PROGRAM DIRECTIVE

The Battleship (BBGN) is the first clean-sheet surface combatant hull form in over 30 years. Horizon Offshore Services directs the following actions to be taken before Lead Ship contract award: (1) enforce a design freeze milestone no later than FY27 Q3 with contractual penalties for Navy-initiated changes thereafter; (2) budget Lead Ship cost at a minimum of 40% above the projected follow-on hull cost - this is not pessimism but established historical precedent for first-of-class construction; (3) brief Congress on this premium explicitly before appropriations are requested, to prevent the kind of political and programmatic destabilization that characterized the DDG 1000 program when costs exceeded initial projections.

Fleet Growth Trajectory - Horizon Offshore Services Determination

HOS DETERMINATION - GROWTH TIMELINE CONDITIONALITY

The battle force growth from 288 to 355 ships by FY40 is achievable, but Horizon Offshore Services determines it to be conditionally achievable - not guaranteed. Three conditions must hold simultaneously: (1) submarine industrial base achieves 1 SSBN + 2 SSN/year by FY31; (2) distributed shipbuilding advances from 10% to 50% on the committed timeline; (3) Congress sustains appropriations at FYDP-consistent levels. If any one of these conditions fails, the trajectory requires formal revision.

SECTION V — PROCUREMENT STRATEGY CRITIQUE

Procurement Strategy Critique

The procurement strategy embedded in the May 2026 plan constitutes the most substantive departure from historical Navy acquisition patterns of any shipbuilding document since the post-Cold War era. Horizon Offshore Services' critique focuses on execution credibility and the specific structural mechanisms that must hold under operational and political pressure - because the same institutional environment that produced thirty years of cost growth and schedule slippage is the environment in which these reforms must now take hold.

Requirements Reform - Breaking the Creep Cycle

The plan's commitment to strict requirements discipline addresses the single most corrosive force in Navy program cost history: requirements expansion during execution. The Government Accountability Office, Congressional Research Service, and internal Navy reviews have identified this pattern repeatedly for over three decades. The structural remediation approach - connecting Fleet Design directly to requirements and acquisition execution through cross-functional working groups, informed by mission engineering, and empowered through clarified authorities - is assessed by Horizon Offshore Services as analytically sound and, if enforced without exception, potentially transformative.

HORIZON OFFSHORE SERVICES - REQUIREMENTS REFORM DIRECTIVE

The transition to a new frigate program in weeks rather than years is a validated proof of concept, not a projection. Horizon Offshore Services determines that this demonstrated speed must become the institutional norm, not an exception. It must be used as an explicit accountability benchmark for every subsequent program initiation under the PAE model. Any program that requires years to complete an equivalent milestone must be subject to formal PAE review and public reporting to Congress. Speed is not a preference under this plan - it is a contractual and institutional obligation.

Portfolio Acquisition Executives - Accountability Architecture

The PAE model is the plan's most significant organizational innovation. By consolidating authority over requirements, resources, and execution within single accountable officials, and empowering them through Capability Trade Councils to make disciplined cost-schedule-performance tradeoffs, the Department of the Navy is effectively reversing forty years of progressive bureaucratization that disaggregated acquisition authority across multiple commands with misaligned incentives.

PAE Portfolio	Date Established	Primary Programs	Horizon Offshore Services Priority Status
Robotics & Autonomous Systems	December 2025	MUSV, XLUUV, USV FoS	CRITICAL — Pace-setter for unmanned integration
Industrial Operations	Early 2026	Shipyard SIOP, Maintenance	HIGH — Enabler of all production rate targets
Marine Corps	Early 2026	LHA, LPD, LSM, Connectors	HIGH — Amphibious gap closure depends on delivery

PAE Portfolio	Date Established	Primary Programs	Horizon Offshore Services Priority Status
Maritime	Early 2026	DDG, FF(X), BBGN, T-AO	CRITICAL — Surface combatant high-low execution
Mission Systems	Early 2026	Combat systems, C4I	HIGH — Cross-platform interoperability requirement
Strategic Systems Programs	Early 2026	SSBN, Strategic C3	CRITICAL — Nuclear triad continuity non-negotiable
Undersea (DRPM SUBS)	Early 2026	SSN, SSBN, SSGN	TOP PRIORITY — Production rate the defining metric

Vessel Construction Manager Model

The VCM model - placing a single prime contract holder between the Navy and multi-yard execution, while the Navy retains technical authority and provides build-to-print designs - draws directly from proven commercial shipbuilding practice and directly addresses the coordination overhead that has historically inflated costs and extended schedules. Horizon Offshore Services determines this model to be sound in structure, with the following critical condition: the VCM must not be permitted to recreate bureaucratic layering it is designed to replace. Performance metrics for VCM-managed programs must be published quarterly against contracted cost and schedule benchmarks.

Horizon Offshore Services - Procurement Strategy Progress Determination

ASSESSMENT DIMENSION	HOS STATUS DETERMINATION	HOS DIRECTIVE / PRIORITY ACTION
Requirements Freeze Discipline	Reform Declared — Enforcement Unproven at Scale	Implement contractual penalties for Navy-initiated requirement changes post-design freeze; publish a requirements change log for all PAE portfolios quarterly
PAE Accountability Architecture	Structure Established — Performance Must Follow	PAE authority is sound; it will be validated only by outcomes — publish a semi-annual PAE performance report against cost, schedule, and delivery commitments
VCM Model Scalability	Initiated on LSM — Broader Application Premature	Complete LSM VCM performance baseline before extending the model to larger, more complex programs; do not expand VCM application without validated evidence from initial programs
Industry Incentive Realignment	Contractual Framework Advanced	Ensure BOND program executives have genuine authority and are not absorbed into existing bureaucratic culture; track and publish their measurable impact on program outcomes
Maintenance & Readiness Continuum	Strategy Sound — World Class Planning Scale-Up Required	Accelerate digital twin deployment across all four public shipyards; publish maintenance schedule adherence metrics monthly to drive accountability to the hour as committed



SECTION VI — RISK ASSESSMENT & STRATEGIC IMPLICATIONS

Risk Assessment & Strategic Implications

Primary Risk Factors

Risk 1: Submarine Industrial Base Production Rate Timeline

The goal of achieving 1 Columbia SSBN + 2 Virginia SSNs per year by FY31 is the single most critical - and most uncertain - production target in the plan. The Submarine Industrial Base has operated below required production rates for an extended period; workforce development, supply chain stabilization, and facility modernization are multi-year investments with compounding timelines. Horizon Offshore Services determines that any slippage beyond 24 months in this production rate target must trigger a formal fleet growth revision and a public report to Congress on the remediation path and revised timeline.

Risk 2: Battleship First-of-Class Execution

A clean-sheet surface combatant design carries inherent technical and programmatic risk regardless of the digital engineering and modular construction disciplines applied. The plan's phased approach - Advance Procurement in FY27, lead ship in FY28 - provides necessary development runway. Congressional budget pressure and requirements stability are essential; the design churn that characterized the DDG 1000 program must be treated not as a prior cautionary tale but as an active threat to be contractually and institutionally prevented.

Risk 3: Congressional Appropriations Continuity

The plan explicitly acknowledges that all items beyond the FYDP are under Administration review. A 30-year plan spanning multiple presidential administrations and congressional budget cycles has historically been subject to significant reprogramming. The plan's emphasis on stable demand signals as the prerequisite for industrial investment will be tested at every budget inflection point. Horizon Offshore Services determines that the Navy must cultivate a bipartisan political constituency for this plan through demonstrated near-term delivery - every ship commissioned on time strengthens the political case for the next appropriation.

Risk 4: Distributed Shipbuilding Scaling

The ambition to grow distributed production from 10% to 50% of shipbuilding work requires not just facility investment but a cultural and organizational transformation in multi-yard management, quality assurance, supply chain coordination, and technical data rights. The VCM model is a structural mechanism to enable this - but Horizon Offshore Services determines that the proof of scalability must be established through verifiable performance on current programs before the model is extended to programs of greater complexity and national security consequence.

Strategic Implications

For the Industrial Base: The plan, if sustained through execution, will represent the most significant restructuring of American naval industrial capacity since World War II. The combination of capital investment, workforce development, technology modernization, and demand-signal stability creates the conditions for private capital market participation the plan envisions - but only if early performance milestones demonstrate to capital markets that the demand signal is credible and sustained.

For Allied Partners: The explicit foreign investment provisions and the AUKUS trilateral submarine cooperation framework signal a deliberate shift toward a globally integrated industrial model for naval production. This has significant implications for allied industrial policy, technology transfer governance, and the long-term architecture of collective Western naval production capacity - implications that allied governments must plan for now, not when the first contract is executed.

For Adversary Calculus: A credibly executed Golden Fleet Initiative - producing a 355+ ship battle force by FY40, with 72+ unmanned MUSVs and a growing Battleship fleet with theater nuclear delivery capacity - fundamentally alters the cost-benefit calculus for peer adversary naval investment. The deterrence signal embedded in the plan's transparency about scale, ambition, and enforced accountability is itself a strategic instrument of the first order that requires no additional action to deploy.

For Defense Industry: The plan's incentive architecture - outcome-linked investment, capital competition, PAE-enforced accountability, and schedule penalty clauses - will pressure legacy prime contractors to reform operational practices or face market displacement by new entrants attracted by the scale of the demand signal and Other Transaction Authority pathways. This pressure is deliberate, beneficial, and must be maintained with consistency across every contract action.

SECTION VII — HORIZON OFFSHORE SERVICES CONCLUSIONS

Horizon Offshore Services - Conclusions

It is the considered and authoritative professional judgment of Horizon Offshore Services that the May 2026 U.S. Navy Shipbuilding Plan represents a generational inflection point in American maritime strategy - one the United States cannot afford to treat as aspirational. The plan diagnoses with precision the failures of prior acquisition cycles, articulates structural reforms with specificity and accountability, and commits financial resources at a scale commensurate with the strategic challenge confronting American seapower.

Horizon Offshore Services does not issue determinations of this nature lightly. The plan is judged not because it resolves all risks or guarantees all outcomes - it carries both in abundance - but because it is the first planning document in over thirty years that takes those risks seriously, names them honestly, and builds enforcement architecture designed to navigate them. Planning documents of lesser honesty that were accepted without scrutiny in prior cycles produced the shipbuilding crisis this plan is now tasked with reversing. That history imposes an obligation of unflinching analytical candor, and this assessment has been prepared accordingly.

HORIZON OFFSHORE SERVICES - CLOSING PROFESSIONAL DETERMINATION

The May 2026 U.S. Navy Shipbuilding Plan sets a definitive benchmark for defense planning documentation. Horizon Offshore Services determines it to be deserving of the full weight of sustained congressional appropriations, disciplined industrial investment, and unwavering executive commitment across administrations. The plan's ultimate success will be determined not by the quality of its strategic architecture - which is the strongest Horizon Offshore Services has evaluated in the post-Cold War era - but by the political and institutional will to execute without deviation. Horizon Offshore Services will publish annual execution fidelity assessments tracking performance against the specific commitments made in this document, beginning with submarine production rate progress in FY28.

Horizon Offshore Services - Progress, Value, Weakness & Action: Summary Determination

The following table represents Horizon Offshore Services' formal determination across each critical dimension of the plan - assessing where progress has been made, where value is demonstrated, where structural weaknesses persist, and what specific actions must be taken to achieve stated targets.

PLAN DIMENSION	HOS DETERMINATION	WHAT MUST BE ACHIEVED
Strategic Architecture & Doctrinal Coherence	Fully Established — No Further Action Required	Sustain doctrinal linkage between EMM/DMO concepts and platform investments through every budget cycle revision
Submarine Industrial Base Production Rate	In Progress — Most Critical Gap Remaining	Achieve 1 Columbia SSBN + 2 Virginia SSNs/year by FY31; any slippage beyond 24 months triggers full fleet growth revision
Distributed Shipbuilding Expansion	Early Stage — Structural Framework Established	Advance from 10% to 50% distributed work; VCM performance on LSM must be validated before broader application

PLAN DIMENSION	HOS DETERMINATION	WHAT MUST BE ACHIEVED
AI & Digital Production Management (ShipOS)	Pilot Validated — Scale-Up Phase Required	Extend verified ShipOS pilot outcomes across all submarine and surface ship suppliers by end of 2026 as committed
Battleship (BBGN) Program Maturation	Advance Procurement Initiated — Design Phase Critical	Enforce design freeze discipline; budget Lead Ship cost premium of 30–50% above follow-on hulls from contract inception
Workforce Development & Wage Competitiveness	Materially Improving — Must Be Sustained	Maintain government-funded wage support through FY31; industry must match with capital reinvestment per EO 14372
Unmanned Systems Fleet Integration	Accelerating — On Track if Funded	MUSV deployment to CSGs and ESGs must begin within FYDP to validate manned-unmanned teaming concepts operationally
Foreign Investment & Allied Industrial Engagement	Framework Established — Oversight Structures Incomplete	Embed milestone-linked domestic re-transfer provisions in all allied construction agreements before first contract award
Amphibious Force Readiness (ARG/MEU Gap)	Acknowledged — Quantification Incomplete	Complete ongoing analysis and publish refined warship inventory projections, cost estimates, and procurement timelines
Congressional Appropriations Continuity	Dependent on Sustained Political Will	Demonstrate near-term delivery wins (LHA 8, LPD 30, ShipOS scale-up) to build durable bipartisan investment commitment

Horizon Offshore Services further identifies the following plan metrics as the primary indicators against which execution fidelity will be assessed in subsequent annual reviews:

Key Performance Indicator	Committed Value	HOS Determination of Criticality
Total FYDP Battle Force Investment	\$305.7 Billion	Non-negotiable — any reduction cascades across all fleet growth projections
Submarine FYDP Investment	\$124.9 Billion	Top priority — undersea warfare is the irreducible strategic core
Industrial Base Investment Increase (vs PB26)	\$19.3 Billion additional	Generational commitment — first of this magnitude since World War II
Battle Force Ships Target	355 ships by FY40	Statutory obligation — 22 years delinquent; no further slippage is acceptable
Total Naval Inventory (early 2030s)	450+ vessels	Unmanned integration essential; must be operationally deployed, not warehoused
MUSV Procurement across FYDP	47 vessels / \$3.11B	Core battle force element — deployment to CSGs must occur within FYDP
ShipOS — Sub Schedule Planning	160 hours → under 10 minutes (verified)	Must scale to full SIB by end of 2026 or value remains confined to pilot
ShipOS — Material Review Time	Weeks → under 1 hour (verified)	Integration across surface suppliers required by end of 2027

Key Performance Indicator	Committed Value	HOS Determination of Criticality
Factory 4 Job Creation	1,000+ jobs, Cherokee, AL	Tangible industrial renaissance indicator — must be tracked publicly
Distributed Build Share Target	10% → 50% of all work	Structural resilience objective — requires VCM validation before acceleration

— END OF HORIZON OFFSHORE SERVICES ASSESSMENT —

All findings based exclusively on source data contained in the U.S. Navy Shipbuilding Plan, May 2026. This document constitutes an independent Horizon Offshore Services analytical review provided for strategic assessment purposes.

PARTNERING WITH THE U.S. SHIPBUILDING INDUSTRY

HORIZON OFFSHORE SERVICES **Project Management | Structured Capital | Long-Term Financing for U.S. Shipbuilders & Shipyards**

Is Your Shipyard or Shipbuilding Program Facing a Capital Gap?

The U.S. Navy Shipbuilding Plan (May 2026) has created the largest sustained naval construction demand signal in peacetime American history - US\$305.7 billion in battle force investment across the FYDP alone. The opportunity is generational. The capital requirement is immediate. Horizon Offshore Services exists to bridge that gap.

We provide U.S. shipbuilders, shipyards, and naval industrial base suppliers with bespoke project management solutions and structured capital financing - delivered at competitive low interest rates, with long-term amortization schedules designed to align repayment with contracted revenue streams. Our mission is singular: to accelerate your capacity, protect your workforce, and position your enterprise to capture the full value of America's naval industrial renaissance.

What Horizon Offshore Services Delivers for U.S. Shipbuilders

STRUCTURED CAPITAL & FINANCING	PROJECT MANAGEMENT EXCELLENCE	LONG-TERM VALUE CREATION
<p>We structure capital solutions specifically engineered for naval shipbuilding timelines - not generic commercial lending. Our financing products include:</p> <ul style="list-style-type: none"> Low-interest construction and infrastructure loans Long-term amortization aligned to multi-year Navy contract revenue Equipment, tooling and dry dock facility financing Workforce development and training capital programs Bridge financing for new yard construction and greenfield capacity 	<p>Our project management professionals embed directly within your program - delivering discipline, accountability, and on-schedule performance from contract award through final delivery:</p> <ul style="list-style-type: none"> Earned value management and schedule optimization Supply chain risk identification and mitigation Cost control and variance reporting to Navy PAE standards Digital engineering and ShipOS integration advisory Quality assurance and Navy acceptance planning 	<p>Our commitment is not transactional. We invest in the enduring competitive strength of U.S. shipbuilding - structuring every engagement to produce:</p> <ul style="list-style-type: none"> Expanded production throughput and yard capacity Stronger workforce retention and skilled trades pipeline Competitive positioning for Navy multi-year contract awards Balance sheet strength for future capital raises Sustainable, compliant growth aligned to Golden Fleet demand

Who We Serve

Horizon Offshore Services provides project management and structured financing solutions to the full spectrum of the U.S. naval shipbuilding industrial base - from Tier 1 prime shipbuilders to Tier 2 and Tier 3 suppliers, component manufacturers, specialty fabricators, and new market entrants seeking to participate in the generational expansion of American shipbuilding capacity mandated by the May 2026 Navy Shipbuilding Plan.

CLIENTS WE ACTIVELY SEEK	FINANCING USE CASES WE FUND
<ul style="list-style-type: none"> • U.S. shipyards seeking dry dock modernization capital • Prime contractors building LSM, DDG, LHA, LPD, or T-AO platforms • Tier 2 and Tier 3 naval component and module manufacturers • New market entrants pursuing MUSV or unmanned vessel contracts • Foreign-invested greenfield U.S. yards requiring domestic capital partners • Naval industrial base suppliers expanding capacity for the Golden Fleet 	<ul style="list-style-type: none"> • Shipyard infrastructure expansion - dry docks, blast/ paint facilities, cranes • CNC machining, advanced welding, and precision fabrication equipment • Workforce hiring, training, and skilled trades development programs • Working capital and pre-delivery contract financing • Digital transformation, ERP modernization, and ShipOS integration • Greenfield yard construction and modular assembly facility build-out

Why the Time to Act Is Now

The May 2026 U.S. Navy Shipbuilding Plan has delivered the single most powerful, long-duration demand signal in the history of American naval procurement - US\$305.7 billion in FYDP battle force shipbuilding investment, a 30-year construction horizon extending to FY56, and a mandated target of 355+ battle force ships by FY40. The Navy has committed. Congress has funded. The industrial base must now perform.

Shipbuilders and suppliers that secure infrastructure capital, modernize their facilities, expand their workforce, and strengthen their project management capabilities now - before the production rate acceleration phase begins - will be positioned to capture the most valuable, longest-duration contracts in the upcoming decade. Those who wait for certainty will find capacity already committed and capital already deployed.

Horizon Offshore Services provides the capital, the project management expertise, and the long-term partnership commitment required to make that positioning a reality - at financing terms structured specifically for the multi-year revenue cycles of U.S. naval shipbuilding contracts.

Why Shipbuilders Choose Horizon Offshore Services

Horizon Offshore Services is not a conventional lender or generic project management consultancy. We are a specialist maritime industrial finance and delivery partner - built specifically to serve the capital intensity, long contract duration, compliance requirements, and performance accountability standards of the U.S. naval shipbuilding sector. Our competitive differentiators are operational, not theoretical: -

✓	Low Interest Rates	Our financing is structured to reflect the credit quality of long-term U.S. Government naval contracts - delivering interest rates significantly below conventional commercial lending benchmarks for capital-intensive manufacturing.
✓	Long-Term Amortization	Repayment schedules are aligned to your multi-year contract revenue profile - with amortization periods matched to the delivery timelines of the programs you are building, not to generic commercial lending standards.
✓	Naval Industry Expertise	Our team understands the Navy's PAE accountability model, the VCM procurement structure, the FYDP funding cycle, and the specific delivery performance standards that determine contract retention and program growth.
✓	Integrated Project Management	Capital and project management are delivered as a unified service - ensuring that every dollar invested is supported by the delivery discipline, schedule accountability, and cost control required to protect both your contract performance and your financing obligations.
✓	Speed of Commitment	We do not subject shipbuilders to multi-year institutional review cycles. We commit capital with the same urgency the Navy now demands of its industrial partners - because in a US\$305.7 billion procurement environment, capital deployment speed is itself a competitive advantage.
✓	Commitment to American Industry	Horizon Offshore Services is committed to the revitalization of the U.S. shipbuilding industrial base as a national imperative. Every financing and project management engagement is designed not only to serve the immediate client but to strengthen the broader industrial ecosystem on which American maritime dominance depends.

READY TO FUND YOUR SHIPBUILDING GROWTH?

Whether you are a U.S. shipyard seeking infrastructure capital, a prime contractor pursuing production rate expansion, a supplier building new capacity, or a new market entrant positioning for MUSV or unmanned vessel contracts - Horizon Offshore Services is ready to structure a financing and project management solution tailored to your program and your timeline.

Contact us today to begin your confidential financing discussion:

HORIZON OFFSHORE SERVICES

Structured Capital & Project Management for U.S. Naval Shipbuilders

management@horizonoffshoreservices.com

Confidential inquiries welcome. All financing discussions are conducted under strict non-disclosure.

Horizon Offshore Services - Financing America's Maritime Future, One Shipyard at a Time.